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Equities

President Carter proposed the registering of young U.S. women for non-combat military service as well as men for combat duty if Soviet tensions warranted a call-up.

The Government would start by registering 18 and 20-year-olds of both sexes, and under Mr. Carter's scheme, everyone would have to register on their 18th birthday.

But the President's plan drew quick opposition in Congress, and predictions that it will be rejected when discussed in detail on Monday. Back Page

Callaghan boost

Labour's commission of inquiry decided to give top priority to rebuilding the party's membership and finances in a move which represents a significant success for party leader James Callaghan's attempts to check the Left's bid for power. Back Page

Welsh flooding

Torrential rain brought flooding to many parts of Wales. Rivers overflowed, the village of Ystradgynlais, Powys, had to be evacuated, and the RAC reported several flooded roads in Pembrokeshire, Glamorgan and Carmarthen.

Mugabe aide hurt

A senior official of Robert Mugabe's party his wife and baby, were injured in a petrol bomb attack on their Salisbury home. In east Rhodesia, where Mugabe's forces are active, UK election supervisors reported widespread intimidation of black voters.

Farm earnings

Ministry of Agriculture's review of UK farming last year, published in a White Paper, forecasts that net income for the year will show a fall of 5.5 per cent at current prices or 17 per cent in real terms. Back Page

Corrie protest

Police fought a running battle outside the House of Commons with thousands of women protesting at the Corrie Bill on abortion. Police reinforcements were called in when women tried to sit in front of traffic. Details in Abortion Bill. Page 3

Adamson charge

A 25-year-old berdsman was charged with the murder of naturalist Joy Adamson in the Shaba Game Reserve, Kenya, last month.

Vietnam shuffle

Vietnam replaced General Vo Nguyen Giap, architect of the French defeat in Indochina in 1954, and other ageing leaders, with younger men in its most sweeping Government changes in 25 years.

Irish corker

A jeweller store owner just grinned when hooded raider Eddie McAlees burst in and shouted "This is a stick up." For the Irishman had forgotten to take the cork out of the end of his toy gun, a court heard.

Briefly

Two RAF pilots were killed when their Buccaneer jets crashed during a training exercise near Las Vegas.

Leslie Welch, who astounded television viewers with his powers of memory in the 50s, died in Ruislip, West London, aged 72.

Briton Celia Adams, 25, was found shot dead in southern Brazil.

Woman left £100 in her will to give 75 Mersayside police dogs meals of prime steak.

ACAS CALLED IN AFTER ANGRY MEETING

Unions walk out of steel peace talks

BY CHRISTIAN TYLER, LABOUR EDITOR

THE STEEL strike took a serious turn for the worse yesterday, the first negotiations with the principal unions for more than six weeks collapsed and the strikers prepared for a bitter siege of the British Steel Corporation.

The Advisory, Conciliation and Arbitration Service is trying to salvage what it can from the wreckage of a meeting which ended with anger and recrimination on both sides.

Mr. Bob Scholey, BSC's chief executive, appealed to ACAS after the 70 negotiators from the Iron and Steel Trades Confederation and the National Union of Blastfurnacemen walked out on him complaining that a promised new offer had not materialised.

ACAS was trying to contact Mr. Bill Sirs, general secretary of the ISTC, even as he was warning that the pay strike could merge with action threatened against BSC's plant closure plans and produce a much worse revolt.

Private steel companies, nearly all of whom have been hit by sympathetic action, and BSC's customers reacted with alarm as the prospect of peace by the end of next week so confidently expected by Mr. Sirs on Wednesday night was suddenly obliterated.

It will be extremely difficult for Mr. Sirs to get his negotiators back into talks, and the strike could drag on to the point where the effects begin to be felt throughout industry.

The collapse of negotiations after only a short meeting was blamed by Mr. Sirs, and Mr. Smith of a formula outlined in private talks in Luxembourg at the start of the week.

But Mr. Sirs last night was adamant that he had fully banns scheme to go ahead.

One possible explanation for the row is that the presentation of the argument yesterday went wrong and that BSC had intended to work up gradually to the kind of formula Mr. Sirs described, but started out with an offer little different from the last.

Mr. Scholey and Dr. David Greaves, managing director of personnel, insisted that Mr. Sirs had just got it wrong. Mr. Scholey accused him of "kneehitting" and raising false expectations by his remarks to the Press earlier this week.

Sir Charles Villiers, BSC chairman, said last night the strike continued less money would be available. He agreed that it would be difficult, and perhaps impossible for the BSC to meet its break-even target date. "We will have to wind down our stocks and make disposals," he said. He referred to Shotton and Consett as possible candidates for sale.

Mr. Sirs said he would never have brought his negotiators to London on the basis of the offer put in front of them yesterday. He said the union would "prosecute the strike with the greatest intensity within the law of the country."

Asked about the rank and file threat in some areas to withdraw safety cover, he said the union's executive had already said that cover should be maintained.

Mr. Sirs said last night he had been told in Luxembourg that the 9 per cent and 4 per cent would be built "on the table" as an increase in basic rates for all steelworkers from January 1, the due settlement date. He had understood that the 4 per cent had now become a "lead-in" payment to the unions' price for allowing local negotiations on a new kind of

Building society receipts below target



Mr. Bill Sirs explains why the talks broke down.

BY ANDREW TAYLOR

BUILDING SOCIETIES' net receipts last month were £240m—£81m more than in December but still well below the figure the societies say they need to meet current mortgage demand.

The provisional figures given to building society managers yesterday show net receipts in January lower than had been hoped for earlier in the month. At one stage a total of approaching £300m had been expected for January.

However the outcome is still significantly better than November's £134m and December's £141m.

The improvement reflects the traditional seasonal upturn in receipts after December withdrawals to meet Christmas spending. Societies are understood to have been particularly successful in attracting funds from small savers, during January.

But societies continue to have difficulty in attracting larger sums as a result of high interest rates offered elsewhere.

The new ordinary National Savings Certificate issued this month will add to competitive pressures. It has been estimated that the certificate could, over the next few months, absorb up to £300m that would normally be available to building societies.

The societies estimate that they will need average net receipts of £300m a month—on top of interest and capital repayments—from existing borrowers if they are to meet full potential mortgage demand in 1980.

There is no sign of diminishing demand in spite of recent reports from some society branch managers, particularly in the South East, of indications that mortgage queues may have reduced slightly.

Mr. Clive Thornton, chief general manager of Abber National Building Society, said yesterday that some people may have been discouraged from joining queues because of high interest rates and the general shortage of funds. But underlying pressure for home loan finance remained as great as ever.

Mr. Joe Bradley, a general manager at Nationwide Building Society, said there might have been less activity in the South East, reflecting the higher cost of houses there, but in other parts of the country demand for mortgages rose from the middle of January onwards.

Support for Robins on may soon close Longbridge

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

THE TRANSPORT and General Workers' Union last night threw its full support behind Mr. Derek Robinson, the dismissed BL Cars convenor, in a move which increases the likelihood of a complete shutdown of the Longbridge plant early next week.

The West Birmingham district committee of the Amalgamated Union of Engineering Workers—Mr. Robinson's union—was meeting late last night to plan details of how to implement its executive decision to withdraw the 5,000 members at Longbridge.

The action is in protest at BL's decision to refuse to reinstate Mr. Robinson, who was sacked last November for putting his name to a document urging opposition to the company's rationalisation plan.

BL, which was distributing literature in the Longbridge plant yesterday arguing the case for its tough stance, believes workers will not give full support to Mr. Robinson.

Union leaders also have their doubts about the extent of support, particularly as emotions have cooled since the original walk-out last November at the time of Mr. Robinson's dismissal.

However, the support of the TGWU, whose delivery drivers can prevent products leaving or entering the plant, is crucial.

Mr. Brian Mathers, Midlands secretary of the TGWU, declared: "If AUEW members stage a strike, we will support Mr. Robinson with all the efforts we can muster."

Mr. Mathers said the TGWU which had declared the original strike official had merely suspended its action, while the engineering union conducted its inquiry.

An official AUEW and TGWU picket on the gates at the beginning of a shift could quickly halt production at Longbridge. The delivery drivers would not cross picket lines regardless of how many BL employees had disobeyed the official instruction and reported for duty.

Mr. Roy Horrocks, BL Cars managing director, has warned that in addition to the 20,000 Longbridge workers affected by any dispute, another 30,000 employees would immediately have to be laid off.

Mr. Austin Morris management is expected to refuse to recognise another controversial Left-wing shop steward, Mr. Alan Thornton, as a deputy senior steward at Cowley. Mr. Thornton came third out of 25 candidates for seven deputy senior steward posts but the company has not complied with a request for his recognition from the Transport and General Workers' Union.

Picketing spread to customers

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

LEADERS of Midlands steel unions voted last night to extend picketing to important customers such as BL, Lucas, and Guest Keen and Nettlefolds.

BL Cars denied last night a union claim that transport of Jaguar, Mini and Rover bodies out of Castle Bromwich, Birmingham, had been halted.

BL said heavy picketing had provoked disorderly scenes and caused some disruption, but car bodies were still moving.

Mr. Roy Bishop, Midlands divisional officer of the Iron and Steel Trades Confederation, said his strike committee felt "bitter and betrayed" at the breakdown of national pay talks. Accordingly they had decided to extend picketing from the steel manufacturers and stockholders to the principal customers.

Details of which companies could be most disrupted would be decided early next week.

Mr. Bishop said the number of pickets, already totalling 3,000 in the region, could be increased by urging more of the 18,000 workers on strike to join the action. The activity at Castle Bromwich had been intensified, and Transport and General Workers' Union members were refusing to cross the picket lines.

The strike committee had sent a telegram to Mr. Bill Sirs, the ISTC secretary, pleading 100 per cent support for the demand for a 20 per cent pay increase.

Mr. Steve Rankin, West Midlands director of the Confederation of British Industry, said the planned extension of picketing, if carried out, would reveal the steelworkers as "nothing more than industrial hoodlums."

"It seems the tiny minority are prepared once again to sell their colleagues down the river for the sake of narrow self-interest."

Mr. Derek Norton, chairman of the private steel company Radcliffe, at Sheffield, was meeting Mr. Sirs last night to seek exemption from the sympathy action.

ISCT workers at the plant have already warned that if the strike is not settled by Sunday they will return to work anyway.

At another private plant, Sheepshead Steel, on the Isle of Sheppey, Kent, ISCT members have all along refused to walk out.

Yesterday about 30 women held a demonstration against the "foreigners" from the Midlands and Yorkshire who are picketing the gates in an effort to shut the works.

Battle for Decca intensifies

BY CHRISTINE MOIR

GEC has again topped Rascal Electronic's revised bid for Decca with a 50p per share increase in its cash offer and a convertible loan stock alternative with a nominal value of £97.9m.

But Rascal, whose latest tabled bid is worth £93.1m, is keeping its options open. It intends to make a statement on Monday following a board meeting yesterday, held "with a view to considering an increase in our offers."

The attitudes of Department of Trade officials are thought to be hardening towards a recommendation that the bids should be referred to the Monopolies Commission.

Meanwhile, institutional shareholders of Rascal, who are thought to control around 40 per cent of the shares, were yesterday becoming openly uneasy about the price Rascal is contemplating paying for Decca.

One major fund manager said yesterday: "We know that Rascal wants and needs Decca, but it has to be at a realistic price."

GEC's new offer is 550p for each voting share and 450p for each "A" share. Alternatively shareholders may accept 550p nominal of 81 per cent convertible unsecured loan stock £99.03 for their voting shares of 450p worth for their "A" shares.

The new offer sent Decca's shares rising to a new high of 580p, up 30p, and 440p, up 15p, respectively. Rascal's shares, meanwhile, lost 1p to 215p and GEC gained 3p to close at 373p.

GEC explained its willingness to increase its offer price by saying that recent discussions with Decca "have made even more apparent the benefits to be gained through a close association" of Decca and Marconi.

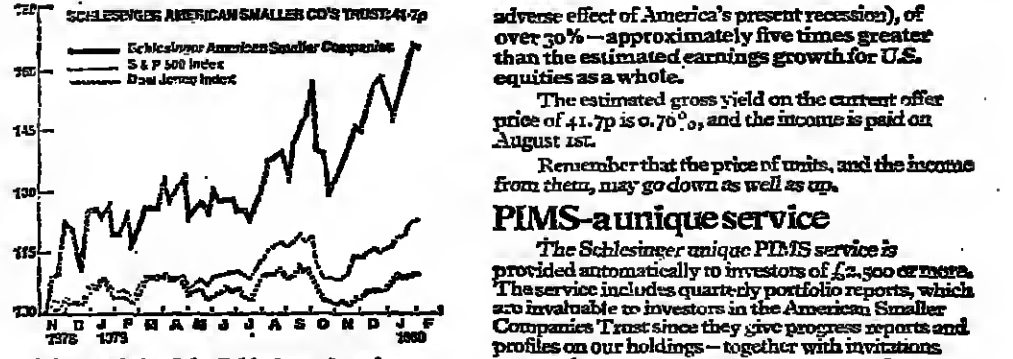
It also gave a "categorical reassurance" that "the present terms of employment of all employees within Decca" would be fully safeguarded.

"The information provided by Decca," GEC said, "endorses the conviction that not only can the integrity and goodwill of the Decca electronics business be maintained, but the opportunity to expand the business will be maintained."

Continued on Back Page
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U.S. Smaller Companies—a growth sector

Schlesinger American Smaller Companies Trust
Top performing American Trust in 1979 (Source: Planned Savings)



adverse effect of America's present recession), of over 30%—appreciation of Abber National Building Society, said yesterday that some people may have been discouraged from joining queues because of high interest rates and the general shortage of funds. But underlying pressure for home loan finance remained as great as ever.

Mr. Joe Bradley, a general manager at Nationwide Building Society, said there might have been less activity in the South East, reflecting the higher cost of houses there, but in other parts of the country demand for mortgages rose from the middle of January onwards.

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OVERSEAS NEWS

Israeli army on alert as tension grows over Syria

BY DAVID LENNON IN TEL AVIV

ISRAEL has placed its army on the alert because of continuing uncertainty about Syria's intentions in Lebanon. The Israeli Defence Minister has declared that Israel is not seeking war with Syria but would not "sit quietly" if attacked.

The decision by the Syrian Government to re-deploy its troops in Lebanon has increased tension in Israel. The Israelis have repeatedly denied Syrian claims that Israel is planning an attack but, in turn, suspect that Damascus may start military action against Israel.

Mr. Ezer Weizman, the Defence Minister said in a series

of interviews with the Press yesterday: "We have ordered the army on to the alert and are studying what is happening in the Syrian camp."

"Israel has no interest in starting a war and no plans to attack Syria. We will make every effort to prevent an outbreak of hostilities and if all that is currently happening in Syria is a result of a fear of us, then they should calm down."

Clearly indicating that in the event of hostilities Israel would go on to the offensive, Mr. Weizman said: "Both the Russians and the Syrians know that we

do not respond in the way others respond, and therefore I hope that they are reading us correctly."

The heightened tension of recent days was also reflected in a statement by Major Saad Haddad, commander of the Israeli-backed Christian militia in southern Lebanon, who said he expected a serious explosion within a few days.

He also complained that the Syrians had supplied the Palestinian guerrillas in the south with tanks and new artillery which were being used against his forces.

Brazil to shake up state companies

BY OUR FOREIGN STAFF

A BIG shake-up is on the way in Brazil's state-sector companies, under measures announced by the Government's Economic Development Council yesterday.

At present, Brazil's foreign debt stands at \$50bn, and the international financial community has expressed concern in recent months at problems in the country's economy. The annual inflation rate is running at 80 per cent, and the current account deficit for 1980 is expected to be about \$7bn. Foreign borrowing requirements this year are being estimated at \$12bn-\$15bn.

The Government considers the state-owned corporations a suitable target for the imposition of cash limits and tighter control on financing generally.

The state companies have monopolies in such key areas as oil imports and exploration (Petrobras), mining (CVRD), iron and steel (Siderbrás), electricity (Eletrobrás), and telecommunications (Telebras).

They grew rapidly in the early 1970s, ostensibly as a means of spurring economic development and diversifying the industrial base. They have had frequent recourse to foreign capital markets for their financing, to a point where they are now responsible for \$14bn, or 28 per cent of the country's foreign debt.

Now they have had a ceiling placed on their foreign borrowing of \$3.1bn, slightly lower than recent forecasts of \$3.7bn. They must cover 80 per cent of their spending with sales revenue.

The council decided on a total budget allowance of Cr. 2.1 trillion (\$325m) for the 221 state-owned companies, with Cr. 1.14 trillion (\$180m) going on investment, and the rest being devoted to their running costs.

In another move to curb the inflationary tendencies of the corporations' activities, their non-oil imports, which last year cost \$4bn (£1.7bn) or 30 per cent of the national total, cannot exceed \$3.5bn (£1.4bn) this year, a figure 17 per cent down on 1979.

Arab Kings meet on Soviet threat

BY OUR ARAB CORRESPONDENT

THE conservative Arab monarchs, King Hassan of Morocco and King Khalid of Saudi Arabia, began talks yesterday in the Saudi city of Taif to hammer out a joint policy to counteract what is seen as a grave Soviet threat to the Arab and Moslem worlds following the military intervention in Afghanistan.

The problem is considered very urgent as King Hassan suddenly decided to fly to Taif without his trip being officially announced. Furthermore, since coup attempts in 1971 and 1972, the King has rarely travelled abroad.

He is accompanied by a large delegation including all leading members of the royal family, the closest Government and palace advisers and top military officials.

At the top of the agenda for the talks are the implementation of resolutions adopted by the Islamic Foreign Ministers in Islamabad. These call for the withdrawal of Soviet troops from Afghanistan and aid to



Seeking a joint policy: Kings Khalid (left) and Hassan.

Afghan resistance movements. The two Kings will also discuss the threat to Arab unity posed by Colonel Muammar Gaddafi.

The "Madman of Tripoli," as Gaddafi is described in Morocco, is seen by the Moslem monarchs as a danger to Arab unity and a destabilising influence

in the Arab world with subversive enterprises in neighbouring states.

His interference in Egypt, Chad, Mali, Morocco and most recently Tunisia, is considered a serious menace to Arab unity and a destabilising influence

which could only benefit the Kremlin.

Morocco's particular concern is that Libya provides financial aid and supplies arms (through Algeria) for the Polisario guerrillas fighting against Moroccan troops for possession of the former Spanish colony of Western Sahara.

The two kings are expected to co-ordinate their military and political policies for the Gulf area. This implies co-operation with the United States with whom both monarchs are on good terms. An "Islamic crescent of defence" from Kuwait to Pakistan is likely to be co-ordinated with Western forces in the area.

King Hassan will probably also appeal for aid to poorer Arab states like Tunisia and Morocco for defence purposes. As far as Morocco is concerned King Hassan is already assured of Saudi cash to pay \$25m for 50 American combat aircraft which are to be used against the guerrillas in the Western Sahara.

Norway to step up offshore bid

BY FAY GJETER IN OSLO

NORWAY'S GOVERNMENT is to intensify its drive to "Norwegianise" the offshore oil and gas industry, according to an oil policy white paper published on Friday.

Foreign oil companies will increasingly be relegated to the role of paid consultants, with little influence over when or how new finds should be exploited.

Norwegian State control over oil and gas production will increase as new fields come on stream, because of the minimum 50 per cent stake given to Statoil (the State oil company) in more recent licence allocations.

Where possible, the Government will encourage use of Norwegian goods and services offshore, and aims at securing 75 per cent of this market for the country's business and industry. The white paper concedes that Norway's share of total deliveries will depend on the com-

petitiveness of Norwegian companies.

The White Paper is the first for five years to survey Norwegian petroleum activity generally, as opposed to special aspects, such as safety offshore, drilling in Northern waters, or the development of particular fields.

The document signals no drastic new departures in Norwegian oil policy, but it emphasises two main trends in Government strategy — the move towards "Norwegianisation," and the growing participation of the State.

Increased state participation is being achieved both through Statoil and Norsk Hydro, the Norwegian industrial and energy concern in which the state has a 52 per cent stake. "Hydro like Statoil, is a business instrument of the state," Mr. Bjartmar Gjeter, Norway's Oil Minister stressed.

While Statoil would be given a "central role" in all future concession allocations, "reasonable room" would be made both for Hydro, and for Saga, the Norwegian private enterprise oil company, backed by a consortium of business, shipping and industrial companies.

The role of foreign oil companies would diminish. Rather than getting ownership stakes in new exploration licences, they would more probably be engaged as consultants and paid for their know-how.

No change is foreseen in depletion policy. The Government intends to plan for a "moderate rate" of oil and gas extraction — defined by Parliament as not above 80m tons of oil equivalent annually.

Production last year just under 40m tons of oil equivalent, will reach 70m in the 1980s and could rise to 90m in the second half of the 1990s.

EEC fight for electronics market

BY GILES MERRITT IN BRUSSELS

EUROPE'S eight major electronics corporations met in Brussels yesterday to review a European Community strategy outlined by the European Commission for capturing up to a third of the world market in electronics equipment by 1990.

The preliminary contact with Viscount Edna Davignon, the EEC Industry Commissioner, following backing given to the plan by EEC Heads of Government when they met in Dublin

at the end of last year.

But Commission officials last night made clear that the discussions between the electronics producers and Viscount Davignon had not tackled any of the more sensitive political issues.

A fundamental aim of the scheme is the abolition of national preferences being given to manufacturers by their own Governments. The Commission has proposed that an EEC

preference should be instituted instead. Although some member states including the UK favour this, France is understood to be firmly opposed.

Standardisation of technical norms and regulations inside the EEC is another crucial point that will require negotiation, as will the creation of a community micro-electronics base — in effect an EEC "Silicon Valley" capable of competing with the U.S. and Japan.

Iranian students firm on hostages

BY SIMON HENDERSON IN TEHRAN

THE MILITANT students holding 50 American diplomats at the U.S. embassy in Tehran are sticking to their tough line on the hostages' release and share none of the new optimism apparent in Europe and the U.S.

The various hints of moves on the crisis, shown most recently in the postponement of U.S. plans for economic sanctions on Iran, have, nevertheless, generated some momentum. The ruling Revolutionary Council has discussed at least twice this week a possible commission to examine the Shah's rule and U.S. involvement in

the country.

There appears to be a growing feeling in Iran that the crisis has gone on for too long. Certainly with the election of President Abol Hassan Bani-Sadr there is a sense that the authorities are now determined to exert their influence.

The students have attracted resentment because they have criticised the Government for actions not directly related to the crisis. The Government is also annoyed by collaboration between the students and Iranian radio and television, illustrated in the broadcasting without

official authority of student claims about American contacts with several revolutionary figures.

One immediate obstacle to a resolution of the problem is Ayatollah Khomeini's poor health. Without his word no radical move on the hostage crisis can be made.

The outcome of the urgently called meeting is unknown, but it is thought to have been called to discuss internal Iranian political rivalry rather than the prospect of release for the hostages.

Robert Graham reports from Madrid that Iranian attempts to achieve a negotiated settlement to the issue of its involvement in the French-led uranium enrichment consortium Eurodif. But the consortium has still not resolved the question of Iran's refusal to accept its share of enriched uranium at Eurodif's plant being built at Tricastin in southern France.

The issue is the upshot of two days of talks which ended here yesterday between Iran and other partners in Eurodif — Belgium, France, Italy, and Spain.

Clark back in race to win Canada election

BY VICTOR MACKIE IN OTTAWA

MR. JOE CLARK, Canada's Prime Minister, is back in the race to win the general election on February 18, because Canadians have appreciated the help their embassy in Tehran gave to the six American diplomats who escaped from Iran.

Before that news broke, the polls had given the Liberal Party under Mr. Pierre Trudeau, Prime Minister from 1969 until 1979, a seemingly impregnable lead. Polls taken when the Canadian race in Tehran became known showed that gap to be

narrowing.

Observers are forecasting the possibility of a minority Government to be formed either by Mr. Trudeau or by Mr. Clark's Progressive Conservatives, with the emphasis still on the first alternative.

The Tories have been complaining that fighting Mr. Trudeau has become like "punching a pillow." The former Prime Minister has been conducting a quiet campaign. The ex-Prime Minister has said very little about policy

matters, and when he did pronounce on energy — a central issue in Canadian politics — he kept his remarks studiously vague.

He even treated Canadians to the unusual spectacle of an office-seeker who would not give a press conference before being petitioned to do so by reporters accompanying him.

Mr. Clark has been standing put on the Budget, over which his minority Government was defeated in December

A central provision was for a rapid rise in the price of petrol and crude oil. The latter had been kept well below world levels at the cost of ever-increasing subsidies.

While in office Mr. Trudeau was also committed to bringing the domestic price of crude oil to somewhere near world levels. He has made counter-proposals to those of the Clark Government without mentioning hard figures, except to say that crude oil should rise by less than C\$4 this year.

Colina MacDougall in London and Tony Walker in Peking preview an important reshuffle expected in China's top policy-making body

Deng prepares his final move against remnants of Left

CHINA is on the brink of important leadership changes. A meeting of the country's top policy-making body, the Central Committee, is said to be imminent, and Mr. Deng Xiaoping, senior Vice Premier and China's leader in all but name, looks ready to oust those leftists still on the Committee since the departure of the disgraced "Gang of Four."

The meeting follows a series of moves in which Deng has strengthened his hand by making new appointments in the provinces and the military.

The trend is confirmed by the recent blast of articles in the Peking press against "ultra-leftists," and more particularly, the report of the January meeting of the party's Discipline Inspection Committee.

This said that "questions left over by history" and the double-dealers who "secretly oppose the party line" must be dealt with. Clearly the disgraced former head of state Liu Shaoqi is about to be rehabilitated. There are also new reports of the forthcoming trial of the Gang of Four.

Previously Deng group appeared prepared to tolerate the presence of known supporters of the Gang of Four in the leadership to ensure a facade of unity. Now, however, Deng seems to have realised

that their continued presence is counterproductive.

Their position on the Politburo and right down the hierarchy has made it much more difficult to implement modernisation policies effectively. Their relative youth gives them an advantage over the leading moderates, who in the main are 70-plus. This has not escaped the notice of radical supporters throughout China who have said openly that their opportunities would come again in 10 or 15 years' time. Younger moderates have to be brought in now to ensure a smooth transfer of power.

This overdue clean-up has already begun with the recent removal of Chen Xifan, long believed to be a supporter of the Gang, from his post as commander of the Peking Military Region. A growing self-criticism by Wang Dongxing, once commander of Mao's praetorian guard, the 8341 Unit, seems unlikely to save him from a similar fate.

The other four radicals on the Politburo lost their administrative jobs some time ago, so the stage is now set for all six to get the sack, just as soon as a formal party meeting can be held to approve it.

Deng has lined up a number of important newcomers who seem likely to benefit from this.

Much the most weighty is Zhao Ziyang, currently first party secretary of the rich but overpopulated Western province of Sichuan.

Zhao has already had a meteoric rise to national prominence. Unlike other provincial officials, he has had frequent

exposure in the national Press, while his province has pioneered economic flexibility and the introduction of market forces. A charming and capable 61-year-old, he led a mission to Britain last summer and made a favourable impact.

Second to him are Peng

of the Guangdong military region in 1964. The next year he became First Party Secretary in charge of provincial affairs.

In 1966, like most of the other moderates now ruling China, Zhao was criticised by the Red Guards. The following year he became another victim of the Cultural Revolution, and did not surface again until 1971, when he emerged as a party official in Inner Mongolia. By 1974 he was back as First Party Secretary in Guangdong province, and was completely rehabilitated by 1978.

Zhao was asked to restore order to Sichuan after the Cultural Revolution and turned a food deficit into a surplus in just over four years. He is now regarded as something of a model for the rest of China in industrial

and agricultural development.

Zhao's first recorded appearances in Peking in connection with important national events have only come in the past two years. But it is clear he has survived what can only have been an unpleasant four years between 1967-1971, and then returned to achieve important successes in a difficult province.

The word most frequently used to describe Zhao is "innovative." That he was able in Sichuan to increase productivity by introducing incentives and to frame policies whereby individual industries retain a percentage of their profits for reinvestment shows he is not completely shackled by the system.

Zhao is also not afraid to publicise his economic theories. A recent edition of

of senior officials to their provinces who will do the lion's share of their jobs.

Inevitably the fresh onslaught on the Left has led to renewed speculation about the position of Chairman Hua Guofeng, particularly as in the provinces the move to have off administrative

functions from the Party First Secretaries to the new Governors is now almost complete.

Hua is unique in combining the party Chairmanship and the Premier's job, a dual role which not even Mao took on. The division of function would allow Hua to be divested of the Premiership without loss of face and to devote himself to party affairs while a candidate from the moderates would run the country.

Previously the favoured candidate for the Premier's job was always Deng himself. However, at 73, his present preoccupation is thought to be how to secure the succession so that his own policies go marching on.

In that context the appointment of a newcomer like Zhao would make sense. At 61, he is a match for Hua's 58, but it is still questionable whether he could safely leapfrog a ladderful of existing Vice-Premiers. Most of these, though, are on the wrong side of 70.

Deng would have to retire to some upstairs post to allow Zhao or anyone else to take the job with propriety, but with Ye Jianying, the nominal head of state, now too feeble at 81 to make his own speeches there seems likely to be a vacancy soon. At the least, however, Vice-Premierships seem inevitable on the cards not just for

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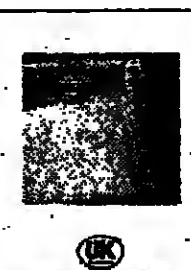

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UK NEWS

Third P & O ferry on Channel route

BY WILLIAM HALL, SHIPPING CORRESPONDENT

P & O FERRIES has introduced a third ship on its main cross-Channel route between Dover and Boulogne, increasing its annual carrying capacity by 50 per cent. The move will add to the fierce competition developing on the busy cross-Channel routes.

P & O Ferries began the Dover-Boulogne run in 1976 with one ship. In 1978 a second ferry was introduced and this week its third.

The ships will make a total of 24 crossings a day and have a daily capacity of 24,000 passengers and 5,300 cars.

In 1979 P & O increased its market share noticeably. On the Dover-Boulogne run passenger traffic was 60, cars 34 and freight traffic 83 per cent higher.

Of the Channel ports in France, Boulogne had the fastest growth. Its passenger traffic rose by 35 per cent, against 7 per cent growth at Calais and 5 per cent drop at Dunkirk.

The line believes that one reason for Boulogne's success is that it is less congested than other ports, and 30km closer than Calais to both Paris and the South of France.

During 1980 P & O Ferries expects to carry 1.2m passengers, 80,000 cars and 1m tons of cargo on the Dover-Boulogne route.

In the cross-Channel ferry market the French routes were the major growth area last year. P & O estimates that passengers to France increased by 14 per cent to 5.6m; cars by 5 per cent to almost 800,000; and freight movements by 10 per cent to nearly 250,000 vehicles.

Passenger traffic with Belgium was static at 3.5m and cars fell by 6 per cent to under 500,000. Freight movements increased to over 260,000 vehicles.

P & O's decision to move into the cross-Channel ferry market has led to a marked increase in competition.

The two main operators, British Rail's Sealink and Townsend Thoresen, used to charge the same fares on their cross-Channel services.

P & O undercut their prices. This is one of the main reasons why the common fare pooling agreement ended at the end of last year.

A major price war has broken out. With all big operators increasing their capacity by an estimated 40 per cent this year, considerable efforts are being made to stimulate the off-peak market.

P & O offers 14 return fares, which does little more than cover the port dues.

All the main operators look to duty-free sales and restaurants to provide the main profit in winter.

P & O's latest two ferries, Panther and Tiger, were bought from a Danish company which sold them because of a cut throat price war in the Baltic.

Sailed days over, Page 14

Labour 'would abandon' GLC Southern Relief Road plans

BY ROBIN PAULEY

CONTROVERSIAL plans to build a £240m Docklands Southern Relief Road will be abandoned by the Greater London Council if Labour takes control in the next GLC elections in May, 1981.

"The only way it could then be built would be through dictatorial powers of an urban development corporation," Mr. Andrew McIntosh, opposition spokesman on transportation, told a special meeting of the council's policy, resources, planning and communications committees yesterday.

The meeting was called at short notice to consider the relief road plan after a challenge from lawyers acting for the Southwark campaign against the road alleged that a previous meeting had acted unconstitutionally in excluding the public. The committee together approved the road proposals and made 17 separate recommendations. The recommendations to full council include applying to the Ministry of

Transport for the classification of the road as a principal road, and that £54.3m be set aside for the acquisition of property. The meeting also recommended that survey studies covering the scheme be extended to the public inquiry stage at a revised estimated cost of £18,000. (A public inquiry is expected in 1981).

The Joint Docklands Action Group, a trade union and community based pressure group, submitted a memorandum against the relief road to the committee, saying it was unnecessary, and could cost £530m by 1988.

"London cannot afford such an expensive scheme, which will cause so much damage and disruption. The GLC financial analysis is totally inadequate, and there is no evidence that the road will regenerate docklands. The main problems holding up docklands industrial development is the availability of land, not transport," it said.

The construction of a Southern Relief Road is regarded as crucial by many of the groups which have submitted ambitious development proposals for a 120-acre site in London's Surrey Docks, writes Andrew Taylor.

Fifteen plans have been put forward for the site, jointly owned by Southwark Borough Council and the Greater London Council. However, the provision of adequate communication routes, including the extension of the Jubilee underground line and the construction of Southern Relief Road, is regarded as essential by many of the developers. The total cost of these schemes could be over £500m.

The GLC and Southwark councils will meet later this month to discuss the viability of the various schemes.

Since then, the GLC finance committee has referred the relief road proposal back because it felt insufficient information about financing was available.

Alliance Party to join talks on Irish unity -but not with SDLP

BY STEWART DALRY

THE NON-SECTARIAN Alliance Party, one of the three main groups attending the main constitutional conference on Ulster, has agreed to take part in the second set of parallel talks.

But it has agreed only to hold discussions with Mr. Humphrey Atkins, the Secretary of State. This means it will not be attending the same talks as the Social Democratic and Labour Party, the main Catholic representatives at the two conferences.

The second talks are concerned with Irish unity, security, the economy and the European Community.

Because questions of Irish unity were so contentious they were held off from the main conference. Mr. Ian Paisley, the main Unionist representative at the conference, has declined to attend the parallel talks.

Mr. Atkins' remarks in Parliament on Tuesday that there was an air of "expectancy and hopefulness" about the talks were greeted with considerable scepticism.

Observers can see no chance of narrowing the big differences between the SDLP and Mr. Paisley's Democratic Unionist Party on the vital issue of power-sharing.

It is felt that the conference can be kept going for the next two months by protracted discussion of lesser issues like the structure of local government.

But the feeling is growing in Belfast that by Easter the Government will have to come up with proposals of its own.

The present Bill—the Abortion (Amendments) Bill, sponsored by Mr. John Corrie (Cons., Ayrshire N. and E.)—seeks to forbid abortions after the 28th week of pregnancy.

Under current law they can take place up to 28 weeks.

At the debate drew to a close there was an angry demonstration in the public gallery from women who oppose Mr. Corrie's Bill. Some tried to unfurl a banner and five were ejected struggling from the gallery.

Tories must not waver —Whitelaw

By Philip Rawstorne

MR. WILLIAM WHITELAW, Conservative deputy leader, last night admitted that many Conservatives were "just a little cast-down" by difficulties facing the Government.

Addressing Nottingham University Conservative students, he said: "The realities of power mean that any incoming Government will meet many short-term problems. How much more is this the case for a reforming Government."

"No short-term problem must ever drive us on to the defensive. Tactical difficulties there may appear to be, but I promise that this Government will not lose sight of the strategy on which we were returned to power."

That was to squeeze inflation out of the economy, encourage individual effort, and create the resources that would restore prosperity. Achieving that target demanded confidence in the party and the country, he said.

Borrow from gold reserves, urges Powell

MR. ENOCH POWELL yesterday suggested that the Government should use the gold and foreign currency reserves to reduce the Public Sector Borrowing Requirement, writes Philip Rawstorne.

Maintaining the reserve was logical or justifiable only while exchange rates were fixed, he told the Foreign Association in London.

"I don't propose that we should blue ours necessarily in one single year," Mr. Powell said. "The process could be spread over two, three or even four years."

A reserve standing at £23bn, even with the gold element in it ludicrously undervalued, would make a glorious hole in the public sector borrowing requirement for the rest of the Parliament," he declared.

BR relaunches family railcard

BRITISH RAIL relaunches its UK-wide travel "Family Railcard" on March 1 for one year after a nine-month experiment. The new two-adult card, on which anyone aged 14-17 may now be nominated as the second adult, will cost £16, to cover the increased validity period, rather than the previous £10, but flat rate tickets remain at 50p each.

Hopes rise for limiting U.S. fibre imports

BY RHYS DAVID, TEXTILES CORRESPONDENT

A HINT that the EEC Commission will be looking hard at ways to meet Britain's request for authorisation to impose duties on imports of U.S. fibres was given in Northern Ireland yesterday by Herr Wilhelm Haferkamp, the Commissioner for External Relations.

Herr Haferkamp, who was visiting fibre plants in the area at the invitation of the UK industry, said it was recognised that difficulty had been

created in some centres of the European textile and manmade fibre industry.

"The Commission's duty is to help member states which are in difficulty. We must do so according to international commitments and we hope that we can do this for the UK within the framework of the Commission."

The visit started at the ICI fibres plant at Pontypool, Gwent, where Herr Haferkamp was met by Mr. John Stuart,

chairman of the British Manmade Fibres Federation. Herr Haferkamp later flew to Northern Ireland, where for talks with industry leaders and with Mr. Giles Shaw, a Minister at the Northern Ireland office.

Britain applied earlier this week for Commission authorisation to impose quotas under GATT Article 19 on three U.S. products—polyester filament yarn, nylon carpet yarn and tufted carpets.

The GATT article allows action to be taken where serious market disruption is being caused.

The move followed the rejection by the EEC Council of Ministers of Britain's case for Community-wide action against U.S. imports, which so far have affected mainly the UK market. The Commission, under Community rules, must give a reply within five working days to Britain's request to impose its own quotas.

Textile troubles 'will spread to Europe'

THE KEY MESSAGE Herr Wilhelm Haferkamp will have been left with yesterday following his visit to the hard-hit UK fibre producing areas is that the EEC should, without further hesitation, authorise the British Government's application to impose quotas on U.S. fibre exports.

Herr Haferkamp met senior figures from throughout the industry, and they will have told him that in their view what has been happening in Britain for the past year will spread to the continent. The threat as it is seen in Britain is that during the 1980s the U.S. will emerge as a strong force in world textiles, winning a much greater share of European markets and driving European producers from some of their traditional export territories.

The U.S. is asking the opportunity, it is argued, to establish its bridgehead into Europe while it enjoys a substantial price advantage—in the range of 10 to 30 per cent, depending on product—as a result of access to low-cost supplies of oil feedstock. Though the American authorities are pledged to bring their oil and gas prices up to world levels in the next few years, removing the competitive advantage enjoyed by oil-based industries, U.S. producers will already have built up market share in Europe and will have forced large-scale capacity reductions.

In support of its case, the UK industry can point to the latest U.S. textile figures. American domestic textile consumption has been relatively flat for the past year, but export growth has been strong, helping to keep U.S. mills busy. U.S. exports of textile products are

likely to have topped \$4bn last year, compared with \$2.9bn in 1978. Though imports are still twice as high at \$8bn, they grew by only about 5 per cent last year.

Some of the fastest growth in U.S. exports has taken place in the three products where Britain wants to impose quota controls. The U.S. share of the UK polyester filament market has increased from 7.1 per cent in 1978 to 17 per cent last year, and to 25.5 per cent in the last quarter.

In nylon carpet yarn, the U.S. penetration is up from 8.5 per cent in 1978 to 20.4 per cent last year, and nearly 30 per cent in the final quarter.

In man-made fibre tufted carpets, the U.S. achieved a market-share of 8.5 per cent in the UK in the last quarter. There have also been significant increases in U.S. exports of other products such as household textiles, and there are signs that American clothing may soon begin to appear in much greater quantities on the UK market.

The growing strength of the U.S. fibre industry is not just a recent phenomenon, as other figures published by the Dutch-German fibre group Enka show. In 1971 Western Europe's total output of fibres stood at 2.58m tonnes compared with 2.57m in the U.S. and 9.3m worldwide.

By last year, the U.S. was producing 4.15m tonnes, an increase of 61 per cent, while the European share of total world production of 14.3m tonnes had increased only to 3.25m—a rise of 13 per cent. The U.S. share of world production of man-made fibres now stands at 29 per cent against Europe's 22.5 per cent. In 1971, Europe

accounted for 31 per cent of world output against 27 per cent for the U.S.

Furthermore, the campaign to boost U.S. exports of textiles has been given support at the highest political level. The textile industry in the U.S. as in Britain, mounts a powerful lobby, and in order to win its backing for the tariff cuts he wanted to propose in the GATT Tokyo round negotiations last year, President Carter had to offer a vigorous textile aid programme.

As part of this programme, the U.S. Commerce Department commissioned on behalf of the industry studies of nearly 50 markets outlining ways in which U.S. producers could increase sales.

Against this background, Britain has felt justified in dismissing EEC fears that action against U.S. fibre exports could lead to a trade war. The Trade Department was emphasising

yesterday that UK action was intended to cause minimum disruption to international trade. It was also pointed out that the GATT Article 19, under which Britain is proposing to act, has been used nine times by the U.S. in the past decade but only once before by Britain.

But while Britain will be hoping this case carries weight with the EEC, there are other sides to the argument. For although the U.S. undeniably does enjoy an energy price advantage, this is not the only source of its new-found competitiveness.

In the first place the U.S. fibre industry is highly concentrated with three producers accounting for 70 per cent of polyester output, and thus able to achieve large economies of scale through the operation of huge plants.

U.S. textile mills are also able to keep their costs down by maintaining long production

runs and making very efficient use of plant. In the U.S. carpet industry, American analysts point out, manufacturers operate 50 weeks a year and 120 hours a week as against an average 48 weeks year and 80-hour week in Europe. Ironically too, by virtue of its woven carpet sales, Britain actually had an overall trade surplus in carpets with the U.S. in 1978 of \$12.8m.

Other factors helping the U.S. are the weakness of the dollar, which has made exporting much more attractive, and in the case of downstream products such as bed linen and carpets, the ability of U.S. producers to come up with products which appeal to UK consumers. There are more factors at work, therefore, than the oil price advantage, though it remains the main cause of the serious disruption. In the past six months, more than 2,000 jobs have been lost in fibres in Northern Ireland, and ICI plans cuts of 2,800 in its 10,600-strong fibres workforce to try to achieve a cost saving this year of \$45m. In addition, the company has stopped a £50m investment programme at Pontypool.

In carpets, Britain's biggest producer of tufted, Associated Weavers, is closing with the loss of more than 1,200 jobs, and another major producer, Homfray, is halving its labour force to 800. Employment in fibres, at 27,500, is 8,000 down on four years ago.

Nevertheless, the quotas on the U.S. and other producers such as Canada and Japan, which will also be caught, are clearly only another breathing space. The painful process of restructuring in textiles will clearly have to go on.

WORLD PRODUCTION OF MAN-MADE FIBRES (in 1,000 tonnes)

	West Europe	U.S.	Japan	Rest of world	World total
1971	2,882	2,572	1,633	2,238	9,325
1972	3,049	3,032	1,601	2,565	10,247
1973	3,420	3,435	1,818	2,911	11,584
1974	3,171	3,217	1,620	3,202	11,310
1975	2,611	2,983	1,435	3,645	10,674
1976	3,164	3,327	1,616	4,092	12,199
1977	3,016	3,668	1,712	4,405	12,801
1978	3,223	3,869	1,823	4,880	13,795
1979	3,250	4,150	1,822	5,115	14,337

Change 1979:1978 1% +7% +0% +5% +4%

Source: Enka BV, Netherlands

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UK NEWS

Slump in textiles demand shuts plant

BY RHYS DAVID, TEXTILES CORRESPONDENT

STONE-PLATT, the engineering group, is to close its textile machinery plant at Oldham, Greater Manchester, at the end of the year with the loss of 850 jobs because of a severe decline in orders for spinning equipment and the collapse of plans to manufacture alternative products.

The closure comes a year after the company announced plans to transfer three other lines — transmissions, boilers and container refrigeration — to Oldham from other group plants enabling it to concentrate the textile machinery operations of its Platt Saco Lowell subsidiary at plants in Bolton and Accrington, each employing more than 1,000 people.

The company has had to abandon its transfer plans, however, because of poor demand for all three products. Orders for boilers have been half what the company expected, and the one order received for container refrigeration equipment from a shipping company has only recently been delivered, three months late because of last year's engineering strike.

Demand for transmissions has been affected by the UK recession and the low level of activity in the group's textile machinery plants.

Textile machinery manufacturers throughout the world have been experiencing weak demand, and, although last year's major industry exhibition in Hannover, West Germany,

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has generated some extra business. UK producers are still finding orders difficult to win. Platt Saco Lowell says that demand for spinning machinery, its principal product, has been running at only 50 per cent of 1978 levels.

With 50 per cent of its output going overseas the division has been hit particularly hard by the high value of sterling and UK inflation rates.

Last month the three textile

machinery plants worked for only two weeks, increasing to three weeks this month with a review due at the end of March.

The rationalisation plan now being put into effect involves phasing out the cotton card and draw frame models made at Oldham. The company's new model will be built instead at Accrington. The group closed a plant in North Carolina in 1978 and has reduced considerably its workforce in Spain.

Mr. Keith Leech, regional director of Stone-Platt Electrical, said yesterday it was hoped that, with reduced overheads, it would be possible to restore the textile machinery operations to viability. An examination would also be taking place of the transmission business to see whether it could be restored to profitability, providing up to 200 jobs in Oldham.

Wider inquiries into Salem loss

BY JOHN MOORE

INTERNATIONAL investigations into the loss of the Liberian-registered tanker Salem are being widened.

This move came after the office of the Director of Public Prosecutions studied a preliminary report prepared by the Metropolitan and City Police company fraud squad.

The office of the DPP said yesterday that after consultation with Treasury counsel, it is of the opinion that there is sufficient prospect that an offence has been committed within the English jurisdiction to justify further police inquiries. Inquiries are continuing into the possibility that a fraud or a conspiracy to defraud has been committed.

Representatives of the Liberian Ministry of Justice said yesterday that it was to start its own investigations into the alleged theft of a cargo of 193,132 tonnes of crude oil shortly before the tanker sank. Mr. E. Winfred Smallwood, Liberia's solicitor-general, said he was assessing evidence from interested parties with a view to further investi-

gating alleged activities of any criminal nature. If there was sufficient evidence he said there would be attempts to extradite parties involved in the Salem affair.

The latest moves follow a week of intense legal activity in London and South Africa following the loss of the Salem in mid-January and the disappearance of its cargo of crude oil. The vessel was bound from Kuwait to Europe with a cargo of crude oil, insured for \$66.3m which Sholl had bought in mid-voyage from a Swiss subsidiary of the Italian private oil company, Pontol.

A Tunisian crew member has alleged that the bulk of the oil was discharged at Durban, South Africa, after an unscheduled stop and replaced with sea water so that the ship would appear fully loaded.

Sholl has instituted court proceedings against unnamed parties in South Africa, who took delivery of the oil, and is suing the Oxford Shipping Company for compensation in an Admiralty Court action in London.

LABOUR

Post Office engineers go to arbitration on pay

BY PHILIP BASSETT, LABOUR STAFF

POST OFFICE engineers are going to arbitration on a claim for increases of about 10 per cent as the second stage of their 1979 pay deal. This gave the 126,000 engineers an average increase of 16 per cent, a 2 per cent productivity payment and other improvements.

The arbitration is likely to be next month under the auspices of the Advisory, Conciliation and Arbitration Service.

The Post Office Engineering Union has argued that negotiations on the second-stage increase should be outside the Post Office's attempts to make major changes in the structure of telecommunications grades.

But the Post Office is not prepared to make an offer unless the engineering union enters into a commitment of restructuring, which is designed to ensure greater flexibility, with the eventual aim of a new

structure of eight or nine grades at differing levels of skill and responsibility outside the traditional areas of union demarcation.

The arbitration decision is complicated by two factors. Firstly, the Society of Post Office Executives, on whose grades much of the planned restructuring rests, is involved in arbitration over differentials with the POEU.

A meeting was to be held last week but it was cancelled. SPOE at present enjoys a differential of 17 per cent between its lowest grade and the highest of the POEU, and officials feel that any restructuring offer would yield less than would the maintenance of present differentials.

Also, Mr. Bryan Stanley, POEU general secretary, said yesterday that his union's agreement to restructuring was further blocked by a special agreement between the Post

Office and the Society of Civil and Public Servants, which represents executive and computer staff.

The SCPS "fall-back" agreement, negotiated as part of the union's settlement last year after industrial action, gives an increase of 7 per cent from April 1 this year for restructuring. Instead of the 8 1/2 per cent increase for this purpose offered to every other PO union.

The agreement would only come into effect if the Post Office was agreement with all its telecommunications unions to the restructuring proposals.

If it fails to win agreement, SCPS grades would still receive an increase of 5 1/2 per cent from April for a measure of restructuring, including talks about job evaluation and acceptance of recruitment at a higher grade than normal, to which no other PO union in telecommunications would be party.

Meeting at Airfix breaks up

By Gareth Griffiths, Labour Staff

AIRFIX INDUSTRIES said last night that shop stewards at the Meccano plant in Liverpool had shown a "negative attitude" to redundancy payments, and that it did intend to increase the money available.

A joint management-union working party meeting yesterday broke up after less than an hour. It had been planned that the meeting should discuss offers for the Meccano plant and redundancy terms for the 940 workers.

Mr. Ralph Ehrmann, chairman and chief executive of Airfix, said the meeting had not achieved anything. He was doubtful whether a further meeting planned for next week would take place.

The local shop stewards had shown "a negative attitude" to the redundancy package agreed last week with national union officials, he said.

No new offers for the Meccano plant, which were acceptable, "have been received, a company statement said last night. Airfix has said there are no talks with European manufacturers over switching production abroad.

Union officials have expressed concern that time is running out for the working party, which has until the end of the month to find a buyer for the Liverpool factory.

Last week a mass meeting at the factory called the Airfix redundancy package "derisory" and voted against accepting it.

Local authority deal runs into difficulty

BY OUR LABOUR STAFF

A COMPARABILITY study covering 500,000 town hall workers has run into difficulties over the way it is being conducted and a joint union-employer meeting Monday to ratify an agreement has been postponed.

The study is being conducted by a team drawn jointly from the National Local Government Officers' Association and the employers' side of the National Joint Council for Local Authorities' Administrative, Professional, Technical and Clerical Services.

A meeting of the NJC has been postponed, although the staff side is to meet on Monday to discuss its position. NALGO officials regard the information used in the survey as having been drawn from too narrow a base. They argue the employers want to tie the findings in

advance to the 8 per cent restructuring increase, awarded to council chief executives last month.

The comparability award, hatched to January 1, will form the second stage of the local government white collar deal in the last pay round. The settlement, worth about 9.6 per cent, took effect in July and at that time was nearly double the figure allowed under Government cash limits.

Local authority employers expect agreement to be reached on the study before the next meeting of the NJC on March 5. The employers said the chief executives' award would have no bearing on the work of the study. They also discount the impact of the Government's 13 per cent cash limit to fund pay rises in local government on the survey.

Union wins 'strike' claim

BY ALAN PIKE, LABOUR CORRESPONDENT

EIGHTY-FIVE ship repair workers who lost their jobs during last year's engineering industry dispute have been awarded unemployment and redundancy payments after legal action by the Amalgamated Union of Engineering Workers.

All 85 workers, who were employed by the Fenwick Ship Repair Company, had been refused the payments on the grounds that their dismissal from the yard was a direct result of the industrial action. About 30 of the workers have since been re-employed by the company.

The Department of Health and Social Security decided that they were entitled to unemployment benefit after a national insurance tribunal considered a series of eight test cases. The Department of Employment has separately decided that all 85 were entitled to redundancy payments.

Mr. Ron Baumburg, AUEW assistant divisional organiser for Cornwall, said: "We regard this as a very important victory. The men were never actually involved in any industrial action and we were not prepared to accept that it had anything to do with their dismissal."

Sheppey's model of a modern steel plant

BY ROY HODSON

SHEERNESS, Kent, on the Isle of Sheppey, in the Thames Estuary and at the mouth of the Medway, is an unlikely site to find a modern and prosperous heavy industry.

The steelmen who decided it was the right place to build a plant ten years ago recognised three factors which together combine to make the place almost ideal for the purpose: Scrap steel from the whole London area could be transported cheaply down the Thames and used as raw material.

A deep water port existed at Sheerness for export of finished steel products. There was a ready supply of labour in the area, with many engineering skills learned in the Admiralty dockyards, though there was no steel-making tradition.

Their judgment was sound. Since the Sheerness Steel mill

opened in 1973 it has proved the very model of a modern steel plant.

A workforce of only 800, including the office staff, runs the mill flat-out to squeeze more tonnes of steel a year from it than its calculated maximum capacity of 450,000 tonnes.

Its productivity in terms of annual tonnage of steel per worker employed is four times better than the British Steel Corporation's.

Sheerness Steel has been profitable almost from the start, and this year is expected to make about £4.7m before tax. The home market for steel has been disappointing in recent years. British Steel's projections of need for more than 30m tonnes annual production in the 1980s to satisfy home and export markets has been scaled down to 15m.

But Sheerness Steel has never been forced to cut its out-

put drastically through lack of customers. Consistently it has sold more than half its production abroad.

The efficiency of its production has allowed it to compete in some of the toughest steel markets in the world.

Major market.

With the present world overcapacity in steelmaking resulting in too much chasing too few customers, a company that can sell such a common product as reinforcing bars into the Middle East must be good. That has been a major market for the company.

When it started production it was called a mini-mill. That term became popular in the early 1970s to describe the many small steelmaking plants using electric arc furnaces and

continuous casting which were springing up in Europe, North America and a number of developing countries.

The integrated steelworks uses iron ore and coking coal to make steel by the classical route. Blast furnaces make iron, and oxygen-blown vessels turn the iron into steel.

The Japanese philosophy, now followed closely by the big Western steelmakers, is that the larger the furnaces the cheaper the steel produced.

The mini-mills arrived on the scene to satisfy specific market needs for steel by processing local supplies of scrap steel in electric arc furnaces.

The classic size for the mini-mill has come to be defined as 250,000 tonnes output a year, compared with 2m to 5m from an integrated steelworks.

By that yardstick Sheerness Steel and the even newer private enterprise Alpha Steel

works at Newport, Gwent, are rather higher than true mini-mills. They have exceeded the concept of local steel needs. One was called them maxi-mini-mills.

Sheerness Steel is owned by Co-Steel International of Canada (65 per cent) and various institutions. Co-Steel has several steelmaking investments in North America.

A Canadian, Mr. Clancy Schnepfert, 43, is at Sheerness as chairman and chief executive and is said to be one of the highest-paid executives in British steelmaking.

The Sheerness employees are the highest-paid steelworkers in Britain. Shopfloor wages, including overtime, are between £7,000 and £8,000 a year.

From their one strike in 1974 came formation of a joint representative committee, only negotiating body between management and unions there.

Aircraft factory plan for Ulster

Financial Times Reporter

TALKS have begun between Northern Ireland Government officials and Gulfstream American, a U.S. light aircraft manufacturer, about a production venture that could employ up to 1,000 people in the province.

The Northern Ireland Department of Commerce said discussions were at a preliminary stage and a detailed assessment had not yet been made.

Gulfstream is seeking to restart production of light aircraft in Europe, following the suspension of manufacture at its Savannah, Georgia plant last year. The aircraft concerned are the single-engine Cheetah and Tiger and two-engine Cougar.

The company has contacted the Northern Ireland Development Agency about a possible joint venture, but it is also said to be in touch with agencies in other UK regions and elsewhere in Europe.

Curtis has reached provisional agreement with International Transport and Engineering Equipment under which the U.S. company would provide technical and management services while marketing would be undertaken through International Transport.

Skilled labour would be available in Ulster, but local officials are treating the venture cautiously. They are already negotiating with another U.S. company, Lear Avia, about the possible assembly of executive aircraft on the site of a former RAF maintenance unit at Aldergrove, near Belfast.

The Department of Commerce must also consider the position of Short Brothers, the Belfast aerospace company which it owns.

Murray warns south-east

THE SOUTH-EAST'S traditional economic prosperity would not save the region from the effects of the Government's economic policies, Mr. Len Murray, TUC General Secretary, said yesterday. No part of the country was exempt from the spiral of economic decline and the south-east could not be cushioned against the effects of rising unemployment, declining industrial activity and savage cuts in public services. The problems of the inner cities were particularly acute in London, he said.

Metal Box workers face more lay-offs

BY MAURICE SAMUELSON

NEARLY a third of the workers in Metal Box's can-making factories will be out of work next week because stocks of tin plate have been severely depleted by the steel strike.

Of a total production force of nearly 15,000 more than 4,000 will be out of work, compared with the 2,000 laid off this week.

Most of the lay-offs so far in the open-top division which makes containers for food and drinks. From Monday there will be no work for 500 people at the Worcester factory or for 200 employed at Rochester.

Lay-offs are also spreading in the general lines division, which makes non-food containers, including aerosol cans. On Monday, 400 people will be laid off at Sutton in Ashfield, and at Mansfield 700 people will share the available work on a week-on, week-off basis.

Mr. Ray Frost, Metal Box's managing director, said last night that he was bitterly disappointed by the breakdown of talks between the British Steel Corporation and the unions. "Our situation can only get worse," he added.

So far, the company had met the demand for beverage cans, but stocks of tin plate needed for food cans were dropping steadily and could no longer satisfy the needs of the canning industry or Metal Box's own production lines, he said.

The open-top division was meeting 45-50 per cent of overall demand for customers in the food trade and some popular sizes were in very short supply.

The company had hoped to cushion the strike's effects by inviting 7,000 staff to take a week of their annual leave before lay-off notices were sent out. But few staff have accepted the offer, largely because the company already gives an additional week's pay to those laid off.

British Rail says that the strike is costing it £2m a week in lost revenue and has cut the earnings of some railwaymen, who have lost overtime pay as hundreds of freight trains have been cancelled.

Mixed response

In the private steel sector, there was a mixed response to yesterday's abortive opening of talks between the BSC and the unions. While exploring the failure to relaunch negotiations, Mr. Selwyn Williams, director of the British Independent Steel Producers Association, said it might further weaken support for the strike among private sector workers.

Mr. Richard Marsh, chairman of the British Iron and Steel Consumers Council, has written to British Steel and the striking steel unions asking them to agree to immediate arbitration.

Falling such an agreement, he suggests that they should agree to the setting-up of a court of inquiry into steelworkers' pay after work has been resumed. The council estimates that steel-using industries in Britain can obtain enough steel to carry on for several more weeks without widespread lay-offs.

Union backs study into hiving off Shotton

BY ROBIN REEVES, WELSH CORRESPONDENT

THE MAIN steel union, the Iron and Steel Trades Confederation, is to sponsor a £20,000 study into the feasibility of hiving off the British Steel Corporation's Shotton works as an independent integrated steel plant.

The study to be carried out by Merchant bankers, Kleinwort Benson, will look into the feasibility of establishing the Shotton works as an integrated production and commercial unit independent of BSC. It will be completed in about three months.

The investigation is also being backed financially by Clwyd County Council and two district local authorities covering the Shotton area.

out of BSC was mooted last autumn, during the fight to retain steelmaking at the plant. But one problem was that Shotton's ageing open hearth furnaces need to be replaced by a more modern, lower cost steelmaking technology.

Before the steel strike, Shotton's present iron and steel making was due to be phased out between the New Year and the end of March. Redundancy terms for the 6,400 workers were agreed just before Christmas.

Without steel-making capacity there, Shotton's remaining steel workers fear that the coatings complex could eventually close. BSC plans to supply steel for coating from Ravenscroft in Scotland and South Wales.

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THE WEEK IN THE MARKETS

Shares resist gilts jitters

SINCE JANUARY 24, when the last chunk of long-dated stock was sold out, the gilt-edged market has been in an apprehensive mood. The market's concern was thoroughly justified by the banking figures for the month to mid-January which were published on Tuesday. Many analysts had expected these statistics to be consistent with a fall in the money supply, as measured by the Sterling M3 definition.

As it was, very high bank lending in the private sector, well above even the high levels that could have been expected for seasonal reasons, meant the Sterling M3 rose by around 1 per cent despite the heavy sales of gilt-edged stock during the month.

Gilts sagged after the figures; the recent long tap, which had been exhausted at just above £26, partly-paid, traded as low as £20½ on Thursday afternoon. Since then there has been a fragile recovery, but the market is no longer looking for an early fall in interest rates.

Equities have been immune to the worries that have plagued gilt-edged. The equity funds still seem to have plenty of cash to buy with—partly as a result of the large takeovers for cash that have recently taken place—and the market has been able to shrug off the strength of sterling, which has been above \$2.30 for most of the week. The bids and counter-bids for Decca from Racal and GEC have provided speculative spice, and the resurgence of the international tension for energy stocks has favoured the oil sector.

Bristol fashion

The first-ever offer for sale to the public of a company with a limited listing under the Stock Exchange rule 163(3) was

announced this week. The 163(3) listing allows trading under the aegis of the Exchange of mineral exploration companies, even though the new company, Berkeley Exploration and Production, has no track record and the high risk element is openly acknowledged.

The property of the new company, mainly part shares in North Sea blocks with oil and gas potential, was floated off from KCA International, the oil servicing and contracting company headed by Mr. Paul Bristol.

KCA will hold 30 per cent of the shares in return for the transfer. The cash raised from shareholders and the public—total of £3m for the initial consideration and call—will be used to fund exploration work.

KCA has taken this step to avoid the need to find either its own exploration funds or oil industry partners. The company is still shaky after its unhappy Algerian experience and profits for 1979 are likely to have registered a 20 per cent decline. If it had gone ahead with expensive exploration work itself and produced negative results, the damage to confidence in the overall KCA group could have been disproportionate.

Meanwhile, with North Sea exploration stocks like Siebens and LASMO recording new peaks through the week, the timing makes it likely that the issue will be comfortably, or even heavily, oversubscribed.

The complicated form of the demerger, when KCA would have preferred to make a straight rights issue to shareholders, is due to tax considerations. In the case of rights any premium to the issue price could have been subject to income tax as if it were dis-

tribution. So 30 per cent of the flotation is on offer to non-shareholders, and the sponsors are confident that this proportion is enough to establish a "fair price" and satisfy the Inland Revenue.

Consolidated mole

The stiff upper lip at Consolidated Gold Fields quivered this week as gathering alarm about the sustained buying of its shares by persons unknown came to the surface. The group mounted the only obvious defence available to it: a verbal campaign about the freedom of foreign predators to build stakes of up to 30 per cent in UK companies without declaring themselves.

Since October the stalking of Gold Fields has helped nearly to double the share price to around 500p yesterday after

LONDON ONLOOKER

touching 516p on Thursday. But share transfers have not been registered and there could be about 20 per cent or even more in foreign, possibly South African, hands.

Gold Fields can only wait and see what happens. Dividend declarations and scrip issues would not help much. The payments and rights entitlements do not have to be collected immediately.

And when the Stock Exchange brushed off Gold Fields earlier this week it was not because it was unsympathetic, simply that there was not much it could do. When exchange controls disappeared, control on shares moving overseas disappeared as well. Gold Fields can peer behind the cloak of nominees

equipment action takes place in the U.S. where Dowty is well established through the Dowty Alcoa operation in Pittsburgh.

West Germany, the only EEC member to offer real competition to wall mining technology, is pushing hard for market share and Dowty's North American margins are under pressure.

Further growth is still anticipated, nonetheless, but the accent is now on the aerospace and defence markets where Dowty is particularly well placed. The Rotol subsidiary produces aircraft landing gear, and hydraulics. Dowty Boulton Paul manufactures powered flying controls and the group is also involved in fuel systems for aircraft engines, almost entirely for military use.

Chinese cracker

A glance at Dowty's overseas and export turnover in the six months to September 30 last provides a very strong clue as to why the interim profits of £17.39m announced this week were so much better than the market had been expecting.

The common, and seemingly reasonable, view that the engineer's strike last autumn had hit the group's enviable track record to the extent that profits would have to struggle to reach the comparable level of £14.1m at the halfway mark.

But sales both in and to markets abroad reached £82.6m—within £3m of the total for the whole of the previous year. Contracts worth £70m to supply 15 sets of roof supports and armoured conveyors to the Chinese mining industry had, quite simply, started to pay off in a big way and will continue to make a marked contribution throughout the second half. By June, however, Dowty will have taken almost all of the benefit and there is nothing to replace the contract so far.

Yet most of the major mining

The strength of sterling has been an obvious problem for these big exporters. Increasing overseas competition in the antibiotics field and delays in the introduction of new drugs to replace the fast-maturing money spinners of the mid-seventies have combined to wipe the gloss off the leading drug shares.

The price of both Beecham and Glaxo shares has been retreating quite rapidly for most of the past fortnight on what looks to have been a price-cutting duel between Beecham and its licensee for the broad spectrum antibiotic, amoxycillin.

The licensee, Hoffman La Roche, obtains its raw materials supplies from Beecham and appears to have embarked on a campaign to boost its sagging market share in the U.S. There is some confusion as to which side fired the first round but Beecham's selling price is now around a third of its pre-July 1978 level.

Although Beecham probably makes no more than £2m pre-tax from amoxycillin in the U.S. (against its 1978-79 profits of £14.1m in total), the shares have fallen nervously and reached a 12-month low of 116p. Glaxo has reacted in sympathy.

Amoxycillin may not be that important to Beecham in the U.S. but, as stockbrokers James Capel observed in the third of a series of quick-fire reports on the price cuts, the antibiotic is important in terms both of total group profits worldwide and of recent growth. Capel believes it is possible that the price war in the U.S. will be repeated in other markets.

Glaxo has only scant exposure to this form of drug and its profits stand to benefit by £14m in a full year, on Hoare's estimate, following the abolition of the Price Commission and the more lenient regime operated by the Pharmaceutical Price Regulation Scheme. Beecham, the broker calculates, will benefit by some £8m pre-tax.

Both shares recovered a little towards the end of the week and, for Glaxo at least, the days of limping performance may be coming to an end. The market has seen a considerable degree of what it calls "quality buying" on recent periods of weakness.

Are you investing on advice or rumour?

Inflation is at a very high level, the cost of living is rising steadily, the unions are again active during the winter, Russia has moved in Afghanistan—it all seems bad, bad news.

The only good news seems to be for those with gold or silver—or is it? Both commodities have an unenviable record of being highly volatile.

What should one invest in now? From whom should one seek advice?

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MARKET HIGHLIGHTS OF THE WEEK

	Price	Change on	1979/80	1979/80	
FT Ind. Ord. Index	461.4	+13.6	558.6	406.3	Demand in thin market
Advest	178	-16	217	142	Racal sells part of stake
Avana	121	+17	127	77	Ndm. Foods increases stake
Barlow Rand	446	+40	450	215	Bullion price
Boultonville	215	+37	215	100	High profits, bonus div. scrip issue
BP	390	+32	406	220	Oil price increases
British Sugar	144	+17	184	126	Recovery after recent weakness
Castlefield (Klang)	503	+53	507	230	Continued support for rubbers
Cawoods	192	+37	192	69	LASMO stake
Com. Gold Fields	500	+22	513	178	Bid speculation
Decca	580	+190	580	235	GEC/Racal bid battle
Dowty	188	+30	192	124	Better-than-expected int. results
Lee Cooper	267	+22	275	109	Buying in thin market
LASMO	506	+93	506	124	Bid hopes/oil price rises
Newmark (Lois)	390	+48	290	180	Recent int. results
Pancontinental	460	+60	575	125	Australian market strength
Rohner	70	+7	72	41	Ship sale
Stylo Shoes	780	+20	253	66	Strong speculative support
Travis & Arnold	248	+22	258	164	Demand in thin market
Unitech	248	+18	270	156	Good half-yearly results

The railroad rules, OK

RAILWAYS, so far as most Europeans are concerned, are a slightly old fashioned mode of transport to be used as seldom as possible and to be paid for handsomely in both taxes and fares.

The Great American Railroad is a different matter, as events on the New York Stock Exchange have demonstrated in the last week.

In a week of continued heavy trading, the railroad companies have provided much of the upward thrust in the market and the Dow Jones "Average of Transportation Shares" (it contains airlines and road haulage companies as well as the railways) which has asped to record levels. At 206.71 at the close yesterday, it was over 18 per cent higher than on December 31 and almost 45 per cent higher than a year ago.

This surge cannot be attributed to the airlines, which are groaning under the burden of ever higher cost of jet fuel and reporting poor financial results as a consequence. Some of the truckers, heavily protected from competition in the U.S. system, continue to do nicely. But the real drama is on steel rails.

The share of Union Pacific, for example, are trading at \$92 each, compared with 51 at the end of 1978. Burlington Northern has more than doubled to 79 in the same period, as has Santa Fe Industries.

Why has it happened? The simplest explanation is that many of the companies bearing the great names of U.S. railway history are no longer railway companies. One of them, Penn Central, does not have a railway, but that is a special case.

Union Pacific now draws only half its profits from moving goods by rail. Most of its other activities concern the exploitation of various natural resources from oil and gas in Texas and coal in the Rockies. Santa Fe is in a similar position, along with Burlington Northern which operates the

NEW YORK IAN HARGREAVES

nation's longest railway connecting the Midwest industrial belt with the Pacific Northwest. Missouri Pacific in the south has a railway, but it also has an important gas pipeline.

It is these companies which have shown the biggest gains in the market, as investors have latched on to the fact that not only do these companies benefit from the appreciation in oil prices, but their huge landholdings offer the speculative mind the temptation to guess at what else might lie undiscovered beneath their property. It is enough to make Sir Peter Parker, chairman of British Rail, drool with envy.

But the recent rail fever on Wall Street has not left untouched the more basic and traditional rail operators. Chessie System's shares, for example, are over six points above their end-1978 level of 26. Southern Railway, one of the more aggressive pure rail companies, has seen its share price rise by 37 per cent in the period.

The attractions of unvarnished rail shares, although quite probably overstated in the heated atmosphere of the last week, are that business conditions are entering what would seem to be a period of steady improvement.

Freight traffic—passenger business is insignificant for U.S. railways—reached a new peak last year, 5.8 per cent up on the record set in 1978. Coal carryings were especially healthy and are expected to become more so as the U.S. attempts to reduce its dependence upon oil but continues to hesitate about its commitment to nuclear power.

Steel, ore and motor vehicle trade faded in the second half of last year, but grain shipments have held up well and are ex-

pected to continue to do so in spite of the disruptive effects of the President's blockade against shipments to the Soviet Union.

That is not to say that the industry will not suffer if and when the economy turns down—freight volume is a direct function of economic activity, but that rail's market share is improving over the fuel-thirsty lorry at a rate at least as fast as the economies of pipelining are outstripping those of rail.

There is another important change, too. President Carter entered office with a zealous commitment to injecting the heavily state regulated rail industry with a dose of free market thinking.

The President's first onslaught, a radical portmanteau deregulation bill hit a depth of mud which even a hovecrack would have had difficulty negotiating. But since then, deregulation by stealth has been taking place through a liberalised membership of the interstate commerce commission and, possibly, by slightly less ambitious legislation now being drafted by the senate commerce committee.

This will not only give the railways greater freedom to raise their prices as they need to do so, but looks like accelerating the process of closing down lines surplus to capacity (the rock taking is currently under the hammer) and making mergers easier.

This last point is crucial as virtually every major railway in the country either is now involved, has recently been involved or plans to become involved in linking up with a neighbour.

Wall Street may have overdone its enthusiasm this week, but the underlying sentiment seems well placed.

MONDAY	875.09	-4.39
TUESDAY	876.62	+1.53
WEDNESDAY	881.83	+5.21
THURSDAY	885.49	+3.66

Deposits of £1,000-£50,000 accepted for fixed terms of 3 to 20 years. Interest paid gross, half yearly. Rates for deposits received not later than 15.2.80 are fixed for the terms shown:

Terms (years)	3	4	5	6	7	8	9	10
Interest %	13½	13½	13½	13½	13½	14	14	14

Deposits made for further information from the Chief Cashier, Finance for Industry Limited, 40 Clarendon Lane, London WC2A 2PL. (01-628 2221 Ext. 367). Cheques payable to "Bank of England, a/c FFI".

Finance for Industry Limited

Take a closer look at this new Unit Trust from Lloyds Bank



Here's a very different Lloyds Bank unit trust. It accepts that there are many investors who would prefer to take a view—to be more adventurous.

So the new trust—Smaller Companies and Recovery—picks out just two kinds of companies that seem to have better prospects than average. It's very selective because we believe that today more than ever, investors need to be selective.

You should be aware that this unit trust is likely to be a volatile investment and you should therefore bear this in mind when deciding what proportion of your portfolio to invest in it.

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The greater part (initially about 60%) of the portfolio will be invested in smaller companies—the "seed bed" of industry.

Small companies on average tend to grow faster than larger ones because it is easier to grow from a small base than from a large one, and because small companies are usually more tightly managed and have better industrial relations.

Furthermore, the Government has pledged itself to encourage the smaller firm, and has made a significant move by appointing a minister with special responsibilities for small businesses.

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Only those companies with over £1 million market capitalisation will be considered for this portfolio. So these firms are well-established already.

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The balance of the Trust will be invested in companies whose stock market performance has, in our opinion, become over-depressed by short-term profit

setbacks. Alternatively, the particular market sector in which they operate may be temporarily out of fashion. Either way they present an opportunity to buy at relatively low prices in anticipation of a rise, and offer an opportunity for your investment to grow rapidly. Recovery also embraces new issues and bid situations.

Remember that the price of units and the income from them can go down as well as up. You should regard your investment as a long-term one.

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The skill of Lloyds Bank Unit Trust Managers is harnessed to making investments in the right company at the right time. The Lloyds team is already entrusted with over £100 million invested for over 65,000 unit-holders (December 1979). Lloyds was the first major bank to introduce its own unit trust and has achieved good long-term results. The wealth of experience, intensive research and the spread of the portfolio, serve to minimise the risks involved and to maximise your investment's potential.

The aim

Smaller Companies and Recovery Trust aims to provide above-average growth together with a reasonable and increasing level of income.

The estimated gross commencing yield is 5% p.a. As the aim of the Trust is capital growth it is expected that investment will be mainly by Accumulation Units in which income net of basic rate tax is automatically

reinvested. If, however, you wish net income to be distributed to you on 15th June and 15th December annually, please tick the box in the coupon. The first distribution of income will be on 15th December 1980.

The offer

Units are on offer at a fixed price of 50p per unit until 29th February 1980. After this, units can be bought at the offer price prevailing.

To invest, simply fill in the coupon below. Alternatively you can consult your professional adviser, or purchase units through any branch of Lloyds Bank.

Now is your chance to invest in this brand new unit trust—a fresh approach from Lloyds Bank to the problem of making your money grow.

Regular investment

If you would prefer regular investment from £10 a month with tax relief, please tick the appropriate box in the application form for details.

Share exchange

If you hold quoted shares you may exchange them for units in this Trust on favourable terms. For further information please tick the appropriate box in the application form.

General Information
Contract notes will not be issued for the initial offer. Certificates will be forwarded by the Management within six weeks of receipt of your cheques. You may sell your units back to the Managers or seek them on the bid price on the day your instructions are received. Payment will normally be made within seven days of receipt of your cancelled certificate.

The unit price and value will be published daily in leading newspapers. From gross income the Trust Deed provides that the annual charge may be increased to 2% at the future discretion of the Managers. The Managers are entitled to retain the small rounding adjustments to the nearest dealing price. (See the prospectus of the Lloyds Bank Unit Trust for full details of the Trust's terms and conditions to qualified investors. Rates are available on request.)

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If we declare that I am over 16 years old.

Date of birth if aged between 16 and 18

Please tick box below if you require:

☐ Half-yearly distribution of net income through the purchase of Income Units. ☐ Information on share exchange.

☐ Details of investment in units on a regular basis through the Black Horse Investment Plan. ☐ Please tick if you are an existing Lloyds Bank Unit Trustholder.

*Mr/Ms/Miss/Forename

Surname

Address

Postcode

*Delete as applicable. This offer is not available to residents of the Republic of Ireland.



FINANCE AND THE FAMILY

House in names of children

BY OUR LEGAL STAFF

I am proposing to buy a new house for cash and put it in my children's names. I recall reading some time ago of an arrangement whereby the annual gift allowances for C.T.T. can be used and the mortgage sums owed by the children to the donor parent can be reduced year by year. Could you enlighten me? The proposition which you have in mind was probably the setting up of a trust for assets under which the equitable interest is divided into a large number of shares, and shares not exceeding in value £2,000 per annum are from time to time assigned to the ultimate recipient. This will not of course enable the property to be vested in the recipients for some time, and it has not yet been tested in the courts.

Taxation and Sovereigns

Under Capital Gains and Sovereigns (June 30, 1979) you wrote that the sale of sovereigns dated after 1837 would not attract tax, but in an

article by David Marsh in December 3 he mentions two occasions that the sale of sovereigns would attract tax problems. Has the Inland Revenue changed its policy on this matter? The question and answer published on June 30 related to capital gains tax: a disposal of legal tender sovereigns is exempt from CGT by virtue of section 19(1) (b) of the Capital Gains Tax Act 1979. The tax problems which Mr. David Marsh warned about are income tax problems (not CGT problems), but we took the view that the particular transactions undertaken by our June questioner would not be regarded as constituting an adventure in the nature of trade, within the income tax net.

Registered rent conditions

A rent has been registered and the Rent Officer's order has stated not only the registered rent, but also the other conditions of the written agreement should remain the

same. When a new tenancy is created could changes be made to the agreement, making rent payable quarterly in advance, instead of monthly and increasing the deposit held against dilapidations, etc., from £100, to, say, £500? You can make changes in the contract when you grant a new lease so long as you do not increase the rent beyond that registered. Hence your proposal seems satisfactory. If the tenant will accept it, but he is not bound to do so. We are doubtful of the wisdom of increasing the deposit, lest this might be construed as an unlawful premium.

Tracing a house owner

During the storms in London last December, a tile came off the house next door and crashed through the roof of my outhouse, leaving me with a bill for about £25. My claim would seem to be against the owner of the house, who is proving difficult to trace. According to the local council

they are not permitted to tell me who pays the rates, so where do I go from here? Quite apart from the damage to my property, the state of the roof next door constitutes a hazard, with a number of loose tiles hanging on precariously. If you cannot ascertain the neighbouring owner from the electoral roll or from the Post Office London Directory you might try making application to register an obstruction of light under Section 2 of the Rights of Light Act 1959. However, this is a cumbersome way of seeking to ascertain the owner where so little is at stake. You may be able to persuade the local authority to serve a notice on the owner by reason of the dangerous state of the structure; but that would still not elicit the owner's name for your purposes.

A shilling for wayleaves

On buying my present house in 1974, I inherited two wayleave agreements, whereby I

Am legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

receive a shilling a year from the Electricity Board for each support pole of wires crossing my land. Can I either oblige the Board to pay a more realistic rent, or alternatively to remove the power lines? While you are entitled to terminate the wayleave agreement, there remain powers under which the Electricity Board can acquire the same rights compulsorily, and it is doubtful if you would be entitled to more than nominal compensation, hence the wayleave rents which were nominal even in the days of £sd.

Next of kin and probate

My half-brother, who had a full sister died intestate two years ago, but the sister has not taken out letters of administration. In these circumstances, is there a time limit after which the next nearest of kin can apply to be administrator? If not, what can be done? There is no time limit, but the person wishing to obtain a

grant should cite the persons with a prior entitlement (in this case a sister of the whole blood) to accept or refuse a grant. The citation should be to all members of the class, i.e. brothers and sisters of the whole blood, and will clear the way to the next class (brothers and sisters of the half blood) obtaining a grant. Non-Contentious Probate Rule 46 applies.

Property sold under value

My father is retiring and is dividing his smallholding of about 15 acres plus house

among his children. My sister lives with him, in return for her taking care of him and he proposes to let her have the house for £10,000 which she and her husband will raise by means of a mortgage. The house and land could be worth as much as £80,000. How will they stand for CGT and CTT? If my father left his property to his children, but died destitute but owing CGT or CTT, could a tax claim be made against us?

If the property is sold to your sister at an undervalue there should be no charge to capital gains tax if the Revenue will accept that the sale is of your father's principal residence. However, there could be an increased charge to tax at a

later stage if the purchaser (your sister) did not use the house as her principal residence, as an artificially low base line will have been set. But if the house is used as her principal residence there should be no problem. Capital transfer tax would however be chargeable on the element of gift involved, i.e. (on your figures) on some £70,000. Tax owed by your father can only be recovered from him or from his estate, not from his children; but the capital transfer tax due here would be chargeable on the transferee (your sister) as well as on the transferor and then (if not satisfied by either transferor or transferee) on anyone in whom the property is vested beneficially.

Price above valuation

The house of a person who died last April was professionally valued at £60,000. After the grant of probate in October it was put on the market at £89,500 but has not been sold and the executors are proposing to withdraw it from the market for a time. Meantime, the district valuers office has raised since the date for probate valuation, but the asking price has not been

plus. Can the matter of the CTT liability be settled? Would it be easier to resolve the matter if the house was transferred to the joint personal ownership of the executors, as beneficiaries, to enable the estate to be wound up? We think that you can still rely on the probate valuation, if that was agreed, since the higher asking price has not been

realised. However, if capital gains tax will be incurred when the house is ultimately sold you may prefer to agree a median figure on the corrective Inland Revenue Statement, i.e. higher than £60,000 but below £89,500, bearing in mind that the market has risen since the date for probate valuation. An assent to the beneficiaries would not be of any assistance, though it would not attract stamp duty.

An early touch of spring

THE 1980s could well turn out to be the most exciting decade in the history of the world's mining industry. When we eventually pull out of the current recession and living standards start to rise again, especially in the developing countries, there

will be an unprecedented demand for metal—a basic raw material which is even more important than oil because it is virtually irreplaceable. The existing mining capacity, which has shown relatively little growth over the past few years,

will be hard pressed to meet the burgeoning demand for metal and we may thus be on the threshold of a major expansion for the industry. By the same token, mining share investors now have the most exciting money-making opportunities seen for years.

Only a month ago I was basing my share recommendations on this reasoning but I warned that investors should not expect quick profits, but should be prepared to buy the top class mining issues on the long term view. However, the market has already started to move ahead. Australia's Western Mining, for example, which were 180p when recommended on January 5 are now 248p. Rio Tinto-Zinc have come up from 340p to 423p and Selection Trust have risen from 590p to 720p. I am not suggesting that this pace will be maintained—the stocks mentioned have been given a boost by this week's company news—but it shows how responsive the market has become.

It also shows that the usual considerations of current dividend yields and earnings are

MINING

KENNETH MARSTON

given scant attention in a market that is scenting the growth that is to come. Western Mining are showing a yield of less than 2 per cent and if the current year's total distribution is trebled, which it may well be, the return would still be under 5 per cent at the current price.

It is true to say that share prices in general never fully reflect the value of a company's assets—at least, until a bidder comes along—but the gap is probably too wide in the case of the mining giants when the real value of their assets is taken into consideration, that is to say the cost of replacing their mines and plant at today's high prices.

All this makes encouraging reading for the bulls, but we should still preserve a degree of caution. It should be remembered that the striking increases in 1979 earnings that are being announced follow a particularly poor year and although current metal prices are above those of last year we cannot expect 1980 earnings to show such dramatic increases.

Even so, the companies are taking a confident view of this year's prospects and, as I suggested a fortnight ago, the earlier fears of a recession developing in metal demand later this year may have lessened in view of the likelihood of increased defence spending in the West; already the U.S. budget proposals for 1980-81 contain a rise in defence spending of \$15bn (£7.2bn), or \$6.49 per share, from \$160m in 1978.

The giant U.S. Amx natural resources group, in which Selection Trust has a stake of 8.3 per cent, certainly expects the upward trend in mineral prices and demand to continue. This week the chairman, Mr. Pierre Gousseland, has forecast that the current quarter's earnings will top those of \$103m for the final quarter of last year which brought the 1979 total to a record \$365.3m, or \$6.49 per share, from \$160m in 1978.

The top names in the world of nickel, Canada's Inco and Falconbridge and Australia's Western Mining, have also announced dramatic increases in 1979 earnings. Despite a strike at the Sudbury operations which hit production and sales of its copper, Inco has lifted 1979 earnings to U.S.\$141.7m (as much as \$69.2m was made in the fourth quarter) from \$77.8m.

During the year Inco received

an average price of \$2.43 per lb for its nickel products against \$1.98 in 1978, while its copper fetched 91 cents per lb against 61 cents. The respective metal prices are now around \$3.25 and \$1.30.

Falconbridge earned C\$48.1m in the fourth quarter which made a 1979 total of C\$130.6m against only C\$58.5m in the depressed market conditions of 1978. Western Mining, which is also a producer of gold and aluminium, has reported profits for the six months to January 8 this year of A\$29.6m (£14.3m) which compare with A\$8.04m in the same period of the previous financial year.

Not surprisingly, Western Mining, which bodes to become a giant among giants in Australia, has boosted its interim dividend to 7 cents (3.4p) from 2 cents last time when the year's total was 7 cents. The company has also announced that it expects to get 70 to 75 per cent of B.M. South as a result of its A\$210m bid for that Australian base-metal mining and investment group.

Early in April we should be getting the 1979 results of Rio Tinto-Zinc and they will no doubt follow the general cheerful pattern, even if the firmness of sterling takes a little of the edge off the overseas profits of this international group.

Clues to how things are going have come this week from the Comalco Australian aluminium, Palabora South African copper and Bougainville Papua New Guinea copper-gold outposts. They all spell a success story.

The return to prosperity in the aluminium market coupled with a profit of A\$10.3m on the sale of investments (principally on the stake in International Containers of Hong Kong) has left Comalco with a 1979 net profit of A\$58.1m compared with A\$37.4m in 1978. An increase in the final dividend to 9.5 cents brings the year's total to 14.5 cents against 11 cents.

Palabora has raised its 1979 profits to R45.3m (£24.2m) from R25.7m and has boosted its dividend total for the year to 125 cents (66.7p) from 70 cents in 1978. The performance is all the more remarkable because the need to replace mill shells at the treatment plant caused a copper production loss of 2,400 tonnes; however, the operation was so efficiently carried out that the loss was only half that earlier envisaged.

Last year the average copper price on the London Metal Exchange was \$935 a tonne and the price is now in the £1,300 region so here is another base metal mine heading for still higher earnings.

This also applies to the third member, the R.T.O. Bougainville, which has the additional advantage of an important output of gold; the mine's by-product gold makes it one of the world's major producers of the precious metal. Bougainville has hiked a tasty dish for its shareholders: a 75 per cent rise in 1979 net earnings to R39.9m (£33.5m), a year's dividend total of 40 toea (25.5p) against 15 toea and a scrip issue of two shares for each one held on April 23 next. There is also to be a consolidation of the 50 toea shares into one kina share.

There are 100 toea to the kina, so this means that every two shares will be consolidated into one. To save you going through the calculations it means that a holder now of two 50 toea shares will, after having received his 'free issue' shares, finish up with three shares of one kina. And the 1979 dividend total equals 28.7 toea (17p) per share of one kina.

So there it is. Base metal profits, generally, have recovered sharply in 1978 and are starting on the right foot in 1980. There may be flat patches ahead in metal prices and in sharemarkets, but things should come right in the end for the patient holder of good-class mining stock.



"In addition, it will ring if you are in breach of our contract or allow the insurance cover to lapse."

JUST BEFORE Christmas I wrote on the installation of domestic burglar alarms. I said that if you go to a reputable company approved by your insurers, and therefore most likely a member of NSCIA (the National Supervisory Council for Intruder Alarms), the alarm company's bill will most likely comprise two elements — the cost of installation and the charge for regular maintenance.

This comment was not central to my main theme, but, because of a slip of the pen, it was not completely accurate (as was quickly pointed out by a reader negotiating for the installation of an alarm. True, there are normally two elements—but the second is not just for maintenance but for rent as well).

This is because the major alarm companies do not normally sell their equipment outright to the customer — whether he be an ordinary householder, or a commercial user requiring the alarm for the protection of his business. The equipment is hired to the customer for an agreed

How to be happy with your burglar alarm

INSURANCE

JOHN PHILIP

period of years, sometimes three years, often five. The customer pays an annual rent which includes the alarm company's charge for regular inspection and maintenance.

From the alarm company's angle, it is clear that if it were to sell the installation then the charge would be higher. The major companies may be prepared to sell in exceptional cases, but they count hiring of their equipment to be in the customer's interests.

The customer must recognise that all equipment has a degree of built-in obsolescence. It is better for him to be able to ask the alarm company to improve his system as time goes by, at less cost than would be involved in writing off a capital asset and replacing it.

So the argument goes, though this does not deny that outright purchase may in the particular case prove financially advantageous. But accepting that rental of the installation is the norm, what are the normal rental terms?

Though there is no standard form of rental agreement, most contracts cover the same ground in much the same terms. One clause normally found in a domestic contract is that the customer's death brings the contract to an end.

But this kind of clause is to be found in all kinds of contracts made with individuals rather than firms or companies.

The rule that contracts are personal is basic to English contract law — for example personal insurance contracts terminate with the death of the policyholder unless special provision is made for continuance

of cover for the personal representatives.

There is usually another clause terminating the contract on the sale of the property protected by the alarm. But I see nothing wrong in this — if you have a domestic burglar alarm and sell your home, you advise the buyer that he can take on the alarm, on a new contract, just as you arrange for him to take over gas, electricity, water, telephone and so on.

If at the time of moving, the renter wants an alarm in his new home, there must be a new installation, suitable for the new premises — it is not normally possible to move equipment from one home to another, without some adaptation.

In most alarm contracts, domestic or commercial, there is usually an insurance clause, requiring the renter to cover the installation against the usual range of perils insured by a household policy or by commercial fire and perils policies.

The amount is specified, say at 14 times the installation cost, or at some combination of installation cost and rental, or at five times the annual rental.

The renter is often made liable for all loss and damage, so that if the installation is accidentally damaged he must expect to pay for repairs. The risk of such accidental damage is unfortunately not insurable

any more than is positive mis-

use. All alarm contracts continue to carry a barrage of disclaimer clauses, designed to protect the alarm company (and ultimately its product liability insurers) from claims for the failure of the installation to operate efficiently or even at all.

From a quick reading of most contracts, it is often difficult to see what positively the alarm company agrees to do in exchange for its rent, apart from an undertaking to inspect regularly.

So much extent it is necessary to read between the lines, by deduction the alarm company accepts responsibility where its clauses do not deny responsibility—thus it will have to replace parts of the installation that become defective-free, unless the customer is made responsible.

Since the passage into law of the Unfair Contract Terms Act, domestic customers would seem to have a good case for arguing that many of the liability exclusion clauses (as distinct from those dealing with replacement and maintenance) are onerous—that in the ultimate analysis they were to be sustained, the alarm company could put in an utterly defective installation with complete legal immunity.

JA—4 I have not heard or read of any litigation on alarm company exclusion clauses since the passage of the Act, and this does seem to imply that whatever the companies say, they may well act rather differently.

But perhaps the National Supervisory Council for Intruder Alarms should look at the range of contracts in the interests of the customers.

U.K. Market Leaders Trust.

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A unit trust should be regarded as a long term investment. The price of units, and the income from them, may go down as well as up. Until 7th February, 1980, this Trust was known as the Antony Gibbs Capital Trust.

Antony Gibbs, merchant bankers, were founded in 1808. Antony Gibbs Unit Trust Managers Limited is part of the publicly quoted Antony Gibbs Group, whose international merchant bank is a member of the Accepting Houses Committee. The group's activities include banking, insurance and investment.

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I/we wish to buy units to the value of £..... (Minimum initial investment £500) in the Antony Gibbs U.K. Market Leaders Trust at the Managers' offer price ruling on the receipt of this application. I/we enclose cheque for the above amount, made out to Antony Gibbs Unit Trust Managers Ltd.

This offer is not available to residents of the Republic of Ireland.

Name in full.....

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For details of Share Exchange Scheme, please tick ☐

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I am now in good health YES ☐ NO ☐ If NO, details follow.....

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I declare that the above statements are true and agree that this application and the declaration shall form the basis of the contract between me and Liberty Life Assurance Company Limited. I consent to the Company seeking from me and authorise the provision of medical information by any doctor who at any time has attended me. This application shall constitute accurate and distinct application for (i) the Endowment Assurance Policy and (ii) the Pure Endowment Policy (Policy) comprised in the Bond.

Date..... Signature of Applicant (Life to be Assured)..... FT/9/2

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Gold has handsomely outperformed all world equity markets since it was freed in 1971. Since its launch in November 1978, The Investors' Choice has been extremely bullish on gold and remains so.

When will Gold top out? What is the recovery potential for Equities? These questions are constantly reviewed by us in our monthly investment news letter. The only publication that looks at nine investment ideas per month is 12 shares a year. Recent recommendations that have easily outperformed the market include Poseidon, National Carbonising, Greycoat Estates, Saatchi and Saatchi.

For details and a Free Gold issue complete the attached coupon.

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The Investors' Choice
60 St James's Street, London, SW1A 1LE.

YOUR SAVINGS AND INVESTMENTS

Silver sunshine

SUNSHINE MINING, operator of the largest silver mine in the U.S. had investment circles buzzing this week with its plans for a most unusual security offering—silver-backed certificates.

If the offering goes ahead, Wall Street experts say, it will be the first of its kind since 19th century gold and silver diggers financed their mines by promising investors a share in their finds. If it works, it could open up a whole new area of business finance, with gold, copper, even agricultural commodity certificates.

Full details of Sunshine's plan will not be available until the prospectus comes out next week. But broadly, the offering will give investors an opportunity to play the silver market with a level of risk more akin to the bond market.

Sunshine will issue \$50m worth of \$1,000 certificates, each redeemable within 15 years at the market value of a given

quantity of silver, or \$1,000, whichever is the greater. The certificates will also pay interest like regular corporate bonds.

Sunshine has not yet said, though, how much silver the certificates will represent, and how much interest they will pay. These points are crucial to the whole plan, and the final terms

INVESTMENT

DAVID LASCELLES

will require some subtle market judgment by the underwriters. Supposing the certificates are valued at today's silver price of around \$35 an ounce, each will represent about 28 ounces of silver. When investors come to redeem them, they will get the cash value of 28 ounces at the time.

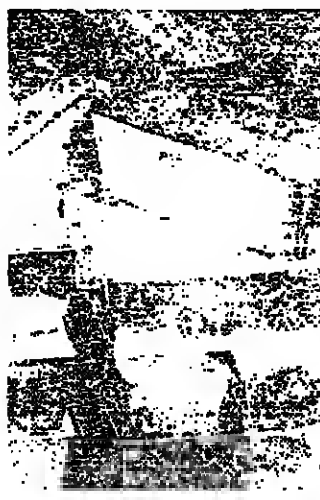
If silver goes up, they will

obviously make a profit. But if it goes down, they will still get their \$1,000 back. So where is the risk? The risk lies in the fact that the certificates will not carry terms as generous as those in the example above. The amount of silver behind each certificate will almost certainly be valued some way above the market price, and the interest rate will probably be lower than that prevailing in the corporate bond market.

So the yield will be small, and the price of silver will have to rise some way before the investors makes a capital gain.

There is a further risk in the fact that the certificates will be backed by as yet unmined silver. But Sunshine is confident that there will be enough of the metal to redeem the issue.

It plans a massive investment in its silver operations in the 1980's, and expects to raise production from 5m oz last year to over 9m by 1985.



For Sunshine Mining itself, the attraction of the issue is the opportunity to raise money more cheaply than through a regular bond issue.

On the other hand, Sunshine will be foregoing the right to the profits on the silver it is pledging to the certificates, because the investors and not the company will enjoy the gain.

Snare for parents

COVENANTS are undoubtedly one of the most efficient ways of handing over money to youngsters. If you agree to make regular payments for at least seven years, the recipient can reclaim any basic rate tax you have already paid. In other words, for every 10p you give, the Inland Revenue chips in a further 30p.

There is, however, one important condition attached to these schemes. Adults are not allowed to covenant gifts to their own children.

Over the years many people have no doubt tried in vain to find a loophole. This week, for instance, a Cheshire reader put forward his simple attractive (but alas illegal) way out.

He suggests making covenants to his nephews and nieces, while "simultaneously" his children could receive equal covenants from the respective uncles or aunts.

"Sumo," he goes on "would merely be transferred between the various parents' bank accounts and subsequently the children of each family would be able to claim the basic rate refunds from the Revenue."

It all sounds too easy and a quick check with the Inland Revenue confirms that it is. "This is an old chestnut," the Revenue said. "When you sign the covenant form you also have to sign a certificate saying that there is no reciprocity. This effectively stamps out any back to back arrangements."

IF YOU are self-employed, check your pension arrangements before the end of the tax year on April 5. The chances are that the current rates of inflation will have made most plans obsolete, even those set up 12 months ago. And assuming your earnings have gone up, you could take immediate remedial action.

By looking at your present arrangements you may well see that the pension you expect at retirement does not look as favourable as when it was first established. This is because few investment managers have managed to outperform inflation over the last year.

One alternative is to do nothing and hope that the life company's investment performance improves. But a more realistic approach would be to add to your existing plans, providing of course that you are not already contributing the maximum permissible.

If your rise in earnings over the past year looks permanent, then you could consider taking out a further regular savings plan. The advantage of a regular plan is that it imposes a financial discipline on savers who are liable to use the money for other purposes, including reinvesting in their business.

On the other hand, you may feel that you do not want to commit yourself to a higher savings level on a regular basis. In this case you could think about a once-off top-up through a single premium contract and review the position next year.

Single premium contracts tend to be played down by many pensions advisers, if only because the commission paid on annual premiums is more attractive. On past performance however,

Top-up time for self-employed

a series of single premium contracts would have provided a better pension at the end of the day than the corresponding regular savings plans, especially for traditional with-profit schemes. With annual premium schemes, the actuary has to take a cautious view of future interest rates. He can be more certain with single premium rates.

If you only have a short period to retirement, say less than five

The Group has justifiably suffered a lot of criticism recently on its unit trust performance, but the latest survey of exempt pension schemes made by Wyatt Harris Graham show a good performance for all S and P's pension funds, especially its property fund.

If you are looking at a linked scheme, you should check that you can switch into a cash fund. This feature is essential for any linked plan, since the investor needs to be able to avoid cashing-in in a depressed equity market. The investor needs to be able to switch to cash ahead of retirement and preserve the value of the policy.

PENSIONS

ERIC SHORT

years, you should certainly top-up with a single premium plan. Under current investment conditions, the return is far superior to that offered by regular savings schemes.

Moreover, if this single premium scheme is a top-up arrangement, you can afford to be more adventurous and use a linked-scheme. The Save and Prosper Group, for example, has just revised and modernised its single premium self-employed plan. Investors have a choice of five funds, including a cash fund, with full switching facilities. The investment is 100 per cent into units, though there is a set policy fee charged.

Although almost all traditional life companies offer a single premium with-profit plan, some linked companies still do not have a single premium scheme in their product range, the most notable being Hambro Life.

Nevertheless, the self-employed have a wide range of schemes from which to make their choice. Complete details of all such schemes are given in the latest Self-Employed Pensions Handbook, published by Money Management.

Details from The Book Sales Department, Financial Times Business Publishing, Greyhound Place, Fetter Lane, London EC4A 3DF.

A taste of things to come

LLOYDS BANK this week launched a major campaign to woo the unit trust investor. Its first fruit, a new Smaller Companies and Recovery Fund is offered for the first time today but according to the men at Lloyds this is merely a taste of things to come.

Other specialist trusts will follow in the next few months with an International Technology Trust, still awaiting Department of Trade approval, likely to be next off the starting blocks.

All this, you might say, is ambitious stuff given the low level of net unit trust sales in 1979. But while Lloyds' plans may well give heart to those currently disillusioned by the outlook for unit trusts, they will also add fuel to the camp of those who complain that there are already a bewildering number of funds to choose from.

Lloyds Bank's unit trust team has kept a low profile since the launch of its last new fund in 1976. The Bank, however, has now realised that its four existing funds—Balanced, World-wide Growth, Income and Extra Income—cannot appeal to investors who have definite ideas about the sectors in which they want to invest.

In the meantime specialisation has increasingly been the name of the game and while some specialist trusts have done badly, others have often topped the eye catching and influential performance tables.

While Lloyds Bank's expansion plans are perhaps the most conspicuous, other high street banks are also bearing the signs of a new broom. National Westminster, for example, after the successful launch last November of its new Smaller Companies Fund, says it is just waiting for

the right market conditions to add to its range of specialist funds.

Mr. Mike Lovett, the bank's unit trust investment manager, says these are likely to be in the international arena where the group's banking activities have been expanding. The Trustee Savings Banks, meanwhile, which is now among the 10 largest unit trust groups, is also planning to launch a couple of overseas funds, most probably invested in North America and the Far East, by the end of the summer.

The other two unit trust operations run by banks have somewhat different origins. The Unicorn group was acquired by Barclays when it took over Martins Bank while the Australian part of the portfolio was added with the Southern Cross takeover. Midland meanwhile, picked up its unit trust business when it took over Samuel Montagu.

Although they all have different histories, the performance of bank owned unit trust operations has been mostly disappointing.

Barclays Unicorn easily comes out best with seven of its funds beating the FT Actuaries All Share Index in the three years to February 1 1980 (reinvesting net income), six out of 11 achieving the same goal over seven years and four out of seven bettering the market barometer over ten years.

Over three years, however, none of Lloyds' four or Nat West's six existing funds matched the FT Actuaries All Share, while Midland succeeded with only one out of its five.

Over seven years Lloyds did better than the index with one out of three, and Midland with two out of five, while Nat West

again failed to score. Over ten years, however, two of Midland's five did substantially better (they were in the top ten best performing unit trusts).

Poor overall performance, however, almost certainly explains the relatively disappointing sales of units launched by the bank unit trust teams over the past few years.

In theory, the banks have a

tremendous marketing advantage both in their branch networks and in the role of the bank manager as independent financial adviser.

In practice, of course, they do sell a significant number of units through their branches. But as one investment manager ruefully admits, "The bank manager is always in the front line. If he sells the customer a unit trust he gets it in the neck. As a result if we don't perform he simply switches off."

Tim Dickson

Hopes dashed

BY MARTIN TAYLOR

WHEN Minimum Lending Rate (MLR) was raised to 17 per cent in November, bringing higher mortgage and overdraft rates in its gloomy train, the view was widespread in the City that these record interest rate levels would not last very long.

The Government's immediate objective had been to regain control of the money supply by attracting large sums of money into gilt-edged stock, and in this at least it was successful.

A burst of sales was made in late November, some more the following month, and then in January two stocks were swallowed up almost as fast as the Government Broker could issue them. At the very least, it seemed, MLR was bound to fall in the Budget in March.

But the banking statistics for the five weeks to mid-January, published on Tuesday, spoiled this cosy picture. The figures showed that bank lending in the private sector, one of the principal constituents of money supply growth, was still growing alarmingly fast in spite of the deterrent effect of high interest rates.

No one had expected bank lending to be weak in January. After all, companies were forced to borrow to make Corporation Tax payments, to meet their end-year bank charges and to finance stocks that they were

unable to sell because of weakening demand.

But the absolute level—the clearing banks alone advanced £1.8bn in the five weeks—was still disappointing.

The Government will now be anxious at all costs to avoid having to raise rates again soon after lowering them. MLR now looks unlikely to fall before May, and it may take a little longer.

Tom Dickson writes: City hopes of an early fall in MLR may well have been dashed, but savers can take comfort in the high returns they are still being offered for their money. This week, for example, the coupon on local authority yearling bonds reached a record 16 per cent while the Bridgewater Building Society introduced a new option with its 17-month fixed rate shares guarantee. This provides a return of 11.35 per cent net (16.5 per cent gross to the basic rate taxpayer) until June 1981.

Bridgewater Building Society's fixed rate bond follows the recent examples of Leamington Spa Building Society (which offered 12.6 per cent net over one year) and the Alliance (which offered 11.5 per cent up to December 31).

The attractions here are that these returns are fixed whereas the interest on other building society investments are likely to come down when MLR falls.

Rare old Russian and Chinese bonds

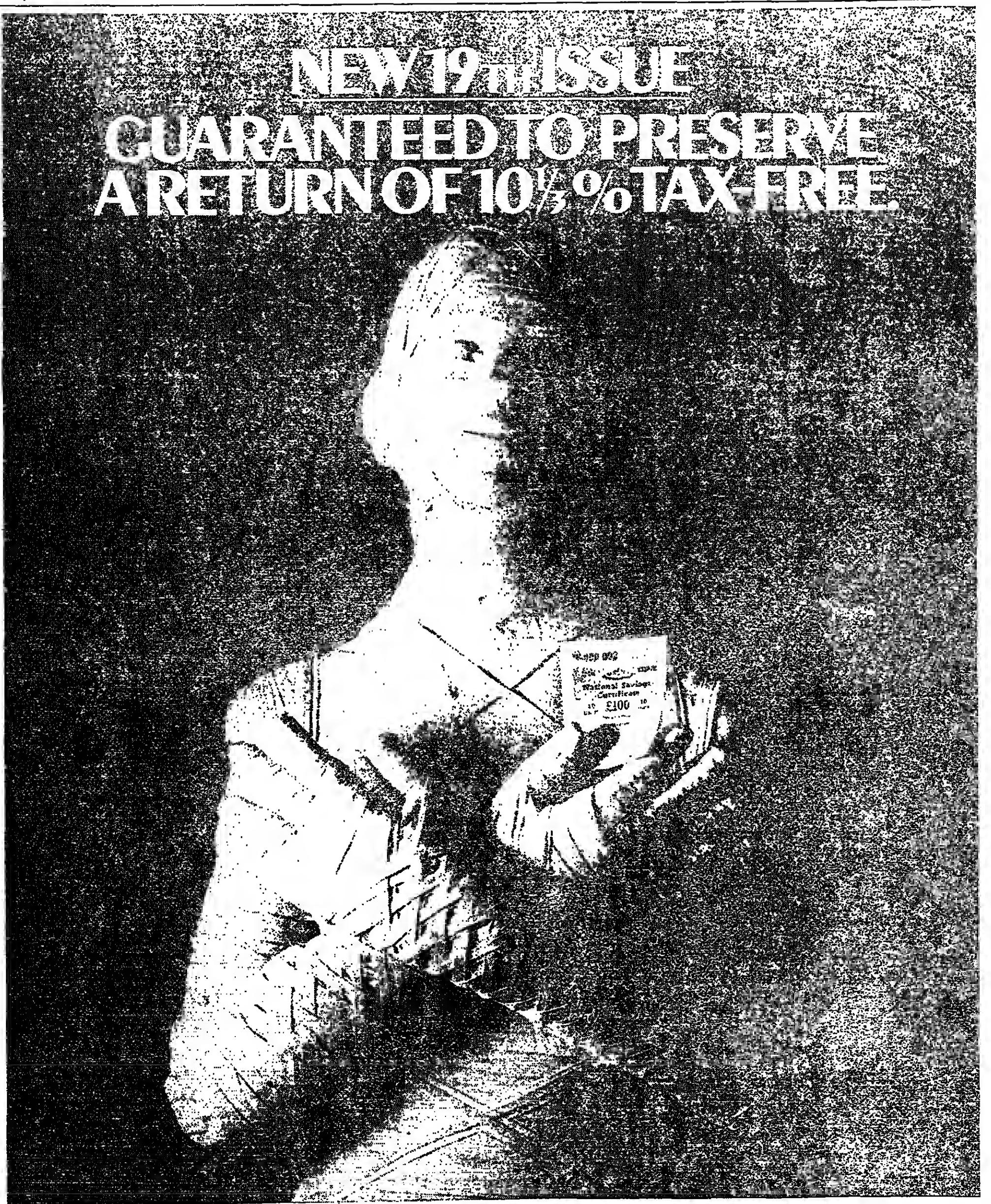
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PROPERTY

Desperate measures

BY JUNE FIELD

BUILDERS AND estate agents are promoting more money-saving schemes to keep the market moving. Discounts to encourage purchasers to exchange contracts quickly is currently a popular ploy.

On average, new house purchasers exchange contracts 15 weeks from the date they pay their deposit. Mr. Tony Longman, sales director of Crouch Homes, says: "His company is giving discounts of between £90 and £380 for each week that a

purchaser of certain of their homes completes ahead of this average.

So far 30 houses on Crouch sites have been offered on the "Selling Price Incentive Scheme," of which 10 have been sold.

For example, assuming the purchaser of a £55,000 Crouch house at Grayshott, Surrey, exchanged contracts seven weeks from having paid a deposit, they would "gain" eight weeks at £200 per week,

totalling £1,600 off the purchase price.

Mortgage assistance is available from the Abbey National, Nationwide, and Bristol and West Building Societies.

Details, Tony Longman, Crouch Homes, Southernland House, Surbiton Crescent, Kingston-upon-Thames, Surrey, (01-546 2131), who will also send information on their sites which include Eastleigh, Hants (from £24,000), Pilaton, Cornwall (from £26,500), Wittington, Herefordshire (from £29,500), and Langley, New Forest (from £46,000).

The incentive scheme does not apply to all plots, only those near completion and remaining unsold. Two such plots were originally nominated on the Norris Nurseries site, East Preston, near Littlehampton, West Sussex. One has been sold, the remaining one is plot 28 to which a reduction of £130 would be offered to a purchaser on each week by which they beat the 15-week completion period.

In December one firm of agents found London's top residential market "so inactive, with vendors filled with growing disquiet," that they persuaded them to offer their properties at a 5 per cent discount on sale contracts exchanged last month.

Miss Jan Meyer of Foreign and Residential Estates explained: "With the resultant speed-up in the completion process, in many cases vendors recognised the difference from the interest achieved on the money; and this 'January sale' generated so much business in the Hampstead area that we had to cancel some of our marketing for two weeks in order to cope with the response."

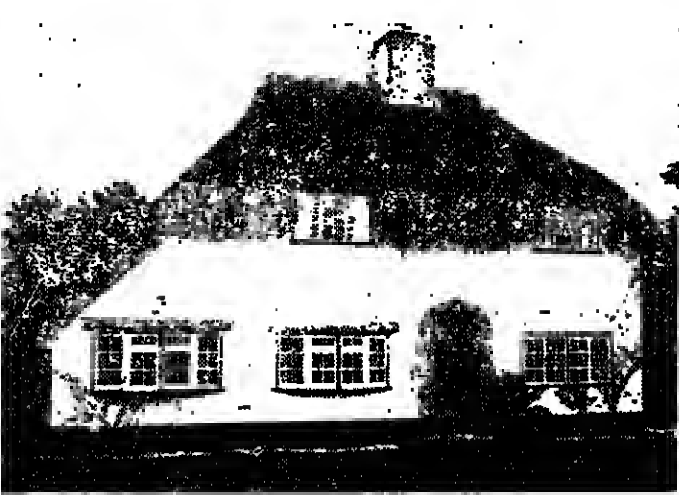
Their second innovation has been to advise some owners to become mortgagees on their own properties. "This is constructive inasmuch as major reconstruction or refurbishment are often required, and mortgage facilities for this are rarely available. In the event of the proceeds of the sale forming part of death duty settlements, a mortgage is deemed to be worth less than its transactional value without impairing the liability."

Miss Meyer insists that they "aim to provide the sort of total personal service that will enable their clients not only to achieve self-preservation, but self-improvement in spite of the difficult market, and against the social pattern."

For details contact her at Foreign and Residential



De Langie House in the village of Chartum, near Canterbury, is the larger part of a period mansion believed to have been built for the Rev. J. M. de L'Angle, rector of Chartum and a Canon of Canterbury Cathedral. It is understood that he accompanied Charles II when travelling abroad, which no doubt accounts for the fact that there is a bust of the king on the front of the house. £67,400 is being asked for the 5-bedroom, 3-bathroom house, old coach house and stables, by Richard Finlison, Ashdens, 61, High Street, Ashford, Kent (0233 24315).



Four Winds, Hatchett Gate, near Beaulieu in the New Forest, is a 3-bedroom, 2-bathroom house with a 3-bedroom self-contained annex. There are also 3 loose boxes, tack room and hard tennis court in about one acre; £97,500, through Paul Jackson, Jackson and Jackson, The House On The Quay, Lymington (0590 75025).



Offers in the region of £60,000 are being invited for the 400-year-old, 4-bedroom Church Cottage, originally thought to have been a Priest's house, at Halvergate, near Norwich, Norfolk. Complete restoration was carried out about 10 years ago. There is also a detached 2-bedroom bungalow in the 1-acre garden. Details George Eve, Savills, 8 and 10 Upper King Street, Norwich (0603 61211).

Estates, 6 Erskine Road, London NW3 (01-586 8387). Their portfolio includes family houses for sale in the exclusive Bishop's Avenue, N2, an 8-bedroom house with a flat attached in Redington Road, NW3, and a 4-bedroom penthouse apartment in Prince Albert Road, NW3 (all in the £200,000 upwards bracket); plus houses and apartments in NW3 (£100,000-£200,000), with apartments under £50,000 in NW6.

The company also wants to hear from those with top quality properties to sell or rent. "We have applicants who are not dependent on selling or the UK bank rate, and would-be tenants among those in the purchasing sector who need to know the area while they house-hunt, or are waiting for possession."

In spite of the high costs of restoration, enterprising developers and small builders are still prepared to take on the job of rehabilitating old property.

The hardest task, though, they admit, is finding the craftsmen who are able, and willing, to involve themselves in the skilled work necessary for such things as re-plastering cornices, renovating inglenook fireplaces so that they function properly, making Georgian sash windows draught-proof, handling the one-off joinery items needed to match in with existing fittings, and so on.

For those contemplating conversion, there is an excellent new edition of the Guild of Master Craftsmen Directory of Members 1979-80, which lists restorers, carpenters, damp-proofers, glaziers, wrought-iron

specialists and the like around the country (£4.95 from Bernard C. Cooper, The Guild of Master Craftsmen, 10, Dover Street, London, W1, or free if you subscribe to the quarterly *Master Craftsman Journal*, £9.50 a year).

Entries include D. Scott, DAT Home Improvements, 58, Main Street, Newthorpe, Nottingham, who undertakes old cottage conversions, and the mending and fitting of "old world" beams; Peter Kevin Harvey, c/o Hill Haven, Bridwell Lane, Botesdale, Diss, Norfolk, who restores period properties with special attention to arched, domes and herringbone panels, and A. J. Comber, Broadway Building Company, 207, Moor-down, Shooters Hill, London, SE18, whose speciality is roof work on "listed" buildings; the "Roof-Bond" process is used, which is carried out from the underside of slate roofs—so that the original appearance is retained. Each slate is bonded to its battens, thus eliminating them slipping due to "nail-sickness."

Country houses are still a worthwhile proposition for conversion into flats. In many cases this has proved their salvation, as otherwise they might have been left to fall into complete decay. Jackson and Jackson has recently been instructed on the interesting conversion of Hengistbury House, Purwell, Christchurch, Dorset. Mr. James Murray, one of the partners, told me: "So often it is difficult to gauge what the market requires."

Little is known of the history of Hengistbury House apart from the fact that it was built in the last century, and up to about five years ago it was used as an hotel. For four years it lay empty, and planning permission was sought and gained for office use, but still the property would not sell, until an enterprising developer, by the name of Howard Hughes bought it and obtained planning permission to convert it into living units.

The house is being split into three self-contained maisonettes and prices range from £42,500 freehold. Details James Murray, Jackson and Jackson, 23 Old Milton Road, New Milton, Hampshire (0425 614182). Open Saturday until about 5 pm.

Mr. Murray will also send details and plan of the old Methodist Church, Middle Road, Sway, in the New Forest, near Lymington, Hampshire, if it is still on the market.

Planning permission has been granted for the conversion of the existing building into a three-bedroomed bungalow. "Our builder-client is quite prepared to do the work for anybody, and is offering it for sale as it stands at £32,500, or fully converted for £45,000 freehold."

Mr. Paul Jackson, at Jackson's Lymington office at The House On The Quay offers an attractive first-floor two-bedroom apartment with a balcony in the converted Victorian Quarr House at Sway. A separate garage and shared use of the garden is included in the £40,000 being asked for the 90-year lease; the maintenance charge is approximately £55 per quarter.

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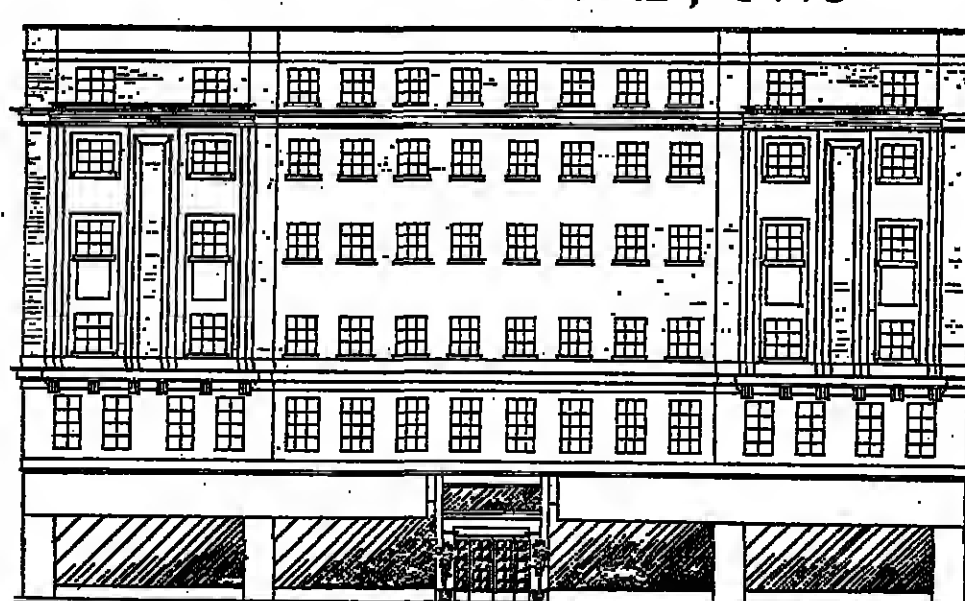
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Brentford Dock



RESIDENTIAL PROPERTY ALSO APPEARS TODAY ON PAGE 4

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TRAVEL

Venice
on
foot

BY B A YOUNG

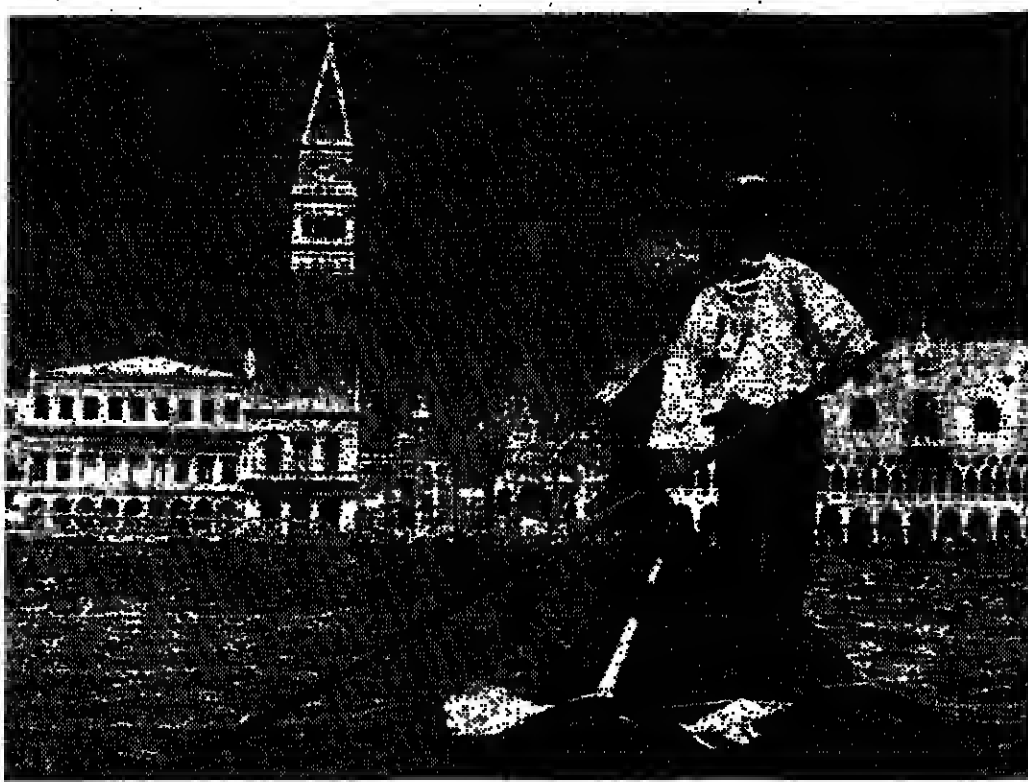
THE PRESENTATION of the Bolla Award to Lady Thorneycroft was what took me to Venice. The Bolla Award is given annually by the House of Bolla, vintners in the Veneto, to the British citizen who has done most for Venice during the year. Lady Thorneycroft—Venetian by birth—is a vice-chairman of the Venice in Peril Fund.

The achievements of the Venice in Peril Fund are to be seen from top to bottom of the city, and to visit them out of high season is ideal. Given fortunate weather, November will do too; but I think one should wait for the early spring. At whatever time of the year such a visit will be far more than duty, for Venice comes to life in a delightful way when the proportion of Venetians to tourists is higher; and there are other things to do besides visiting churches, even if that is the principal object. There's the casino, there opera, music, theatre for those who can understand Venetian.

But to pay homage to Venice in Peril you can start in St. Mark's Square, where everyone starts anyway. At the foot of the Campanile, Sansovino's loggia gleams now from the find's attention as if its bronze and marble figures were fresh from the sculptors' workshops. Beyond that is the Porta della Carta, which divides the Doge's Palace from St. Mark's and leads into the Palace courtyard. This is a beautifully decorative gate in pink and white marble featuring the Lion of St. Mark guarding a hook under his paw.

In its new brilliance, it is dedicated by Princess Alexandra in May last year. Two churches comprehensively restored by Venice in Peril stand at opposite sides of Venice, or rather at opposite sides of the main part of Venice, north of the Giudecca canal. And here a short interpolation on getting about Venice, which is much easier than people think when they arrive, but can't be done sensibly without a pocket-sized map.

The best way to get about Venice, frankly, is on foot. It's much smaller than it seems. You



can walk from St. Mark's to the Rialto in 10 minutes, to the railway station at the foot of the Grand Canal in 20, and very enjoyable walks they are. They are generously signposted, but it is easy to lose your way and go 200 yards up a canal and find yourself at a dead end. Hence the need for the map. For those who dislike walking, there is a plentiful service of *vaporetti*, which are water buses. It is as useful to know the numbers of *vaporetto*-routes as to know bus-routes in London. Of course they won't take you to your doorstep; you can get a *motoscafo*, a motor-boat taxi, for that. And if you feel romantic, there is always a gondola. *Vaporetto* fares go from about 300 lire up; a taxi from the station to St. Mark's might be 10,000; a gondola from the Gritti Palace Hotel to St. Mark's, a distance of about 750 metres, cost three friends of mine 10,000 lire each.

So to reach Venice in Peril's great work on the church of the Madonna dell'Orto, at the extreme north, you could walk all the way, as I always do; or take a No. 1 *vaporetto* to S. Marcuola and walk from there; or take a No. 5 *vaporetto*, all the way. Useful to get to know S. Marcuola; it's the stop for the municipal casino, which is on the Lido in summer but in the Palazzo Vendramin on the Grand Canal in the winter.

The Madonna dell'Orto was Venice in Peril's first project. It was Tintoretto's parish church, he is buried there, and it contains a number of his paintings, including enormous

ones on each side of the high altar. V.I.P., as the addicts call it, restored the pictures, renewed the interior paintwork, returned the high altar to its original simplicity, re-laid the floor and actually had a damp course built into the fabric of the church.

Across the island (Venice is really 120 islands, but this is only a footnote in practice) the little church of S. Nicolò dei Mendicoli stands in a rather run-down neighbourhood. It is small, but very pretty and very old—founded in the 7th century, though hits have been added to it at various times until the 17th century. All the pictures, decorations and figures have been restored; new roofs have been built, and once again a damp-course inserted into the walls. The historic organ has been repaired. S. Nicolò isn't easy to find (either take a No. 2 to the Piazzale Roma or a No. 5 to the Zattere and use your map) but it is well worth the trouble.

If you come by the Zattere, you pass S. Sebastiano, easily my favourite Venetian church. A friendly old sacristan wanders round the church with you and lends you slabs of mirror to look at Veronese's paintings of the story of Esther on the ceiling of the church, and of the Virgin and the four Evangelists on the ceiling of the sacristy.

Since I have strayed from Venice in Peril (though I have not recounted anything like all they have done), and since it looks as though I am dealing only in churches, there is one

more that must be seen on even the shortest visit to Venice. This is Santa Maria del Miracoli, a short walk from the Rialto, an easy walk from St. Mark's by way of Santa Maria Formosa (just follow the signs).

You can't visit churches all day, of course, but there is plenty to do even in off-season Venice. If it isn't raining, if the tide hasn't submerged the square, you can drink coffee and listen to the band at Quadri's or Florian's, or take a Tiziano (grape-juice and Italian sparkling wine) at Harry's Bar. The smaller streets away from the tourist-centres are charming, and may give you a sudden glimpse of wood-carvers, frame-makers, restorers of musical instruments. At night there is the casino, where you can dine as well as gamble, and dance until the late hours. I have been to Venice at almost every time from April to November and never found it dull.

Whether you are there for pleasure or mere education, take Hugh Honour's *Companion Guide to Venice* (out of print, but borrow it), which will fit pocket or bag. James Morris's *Venice* (Faber, paperback £2.95) is about Venetians rather than buildings. Venice in Peril has published *Art and Architecture in Venice* (Sidgwick and Jackson, £1.50), full of pictures. There's a good local guide by Amedeo Storti on the bookshelves at £2.00, with coloured plates and a valuable folding map. Its subtitle, "How to see the city in a day," is optimistic.

CHESS

LEONARD BARDEN

MATCHES are becoming more popular. The growing interest in this type of competition has clearly been sparked off by the epic Fischer v. Spassky and Karpov v. Karpov series and the switch from a tournament to knock-out matches for the world championship candidates. Grandmasters Hubner, Timman and Polugaevsky all chose matches as part of their training for the 1979 interzonals. It was a stipulation of the Hort v. Hubner and Timman v. Polugaevsky series that the game scores should not be published until after the interzonals, so that the players could experiment with opening novelties without giving away trade secrets to their rivals. Timman and Hubner won, both by a single point, but the main feature was the opportunity to meet a hard opponent of similar status.

Another recent match, with more at stake, was the play-off between Adorjan and Ribli of Hungary for the final Candidates place. Ribli was widely considered unfortunate not to have qualified directly from the Riga inter-zonal. He was the strong favourite and when he led 2-1 in the six-game series it looked all over.

BRIDGE

E. P. C. COTTER

ADVANCED mathematics is not necessary for playing good bridge, but the ability to count up to 13, and willingness to use this ability, is essential. My first hand, which occurred in a pairs tournament, is, I think, most instructive:

N. 10 5
S. 7 2
W. K 8 6
E. A Q 7 6
W. A Q 7 6
E. A K Q 10 6 3 2
S. 10 9 4 3 2
N. 9 3
S. K Q 8 6
W. 8 4 7
E. A 5 4

With East-West vulnerable South had one spade, West said

But psychological factors, at the world title match between England and New Zealand. The venue was at stockbrokers Phillips and Drew, who are backing a major grandmaster tournament in London in April. This decisive game enabled Murray Chandler to win 2-1. White: H. J. Plaskett. Black: M. Chandler (New Zealand). Pirc Defence (2nd match game 1979).

1 P-K4, P-Q4; 2 N-KB3, P-Q3; 3 P-Q4, P-P; 4 N-P, N-KB3; 5 N-QB3, P-Q3; 6 B-K3, P-K4; 7 N-N3, B-K3; 8 Q-Q2, Q-N2; 9 P-B3, R-B1. More active is P-QN4, to follow by N-N3 without obstructing the QNP.

10 P-KN4, B-K2; 11 O-O, N-N3; 12 P-KR4, O-O? Only nerves or error in analysis can explain this mistake. Black should play N-B5 at once.

13 P-R5, N-B5; 14 BxN, RxB; 15 P-N5, N-Q2; 16 Q-RN1, Q-B2; 17 P-N6, R-B1 (or B-PxP); 18 P-P, P-R3; 19 BxP; 20 B-R6; B-B3; 21 P-RP ch, KxP; 22 Q-N2, Resigns.

Perhaps Black missed too late the threat 23 Q-N7 ch! forcing mate.

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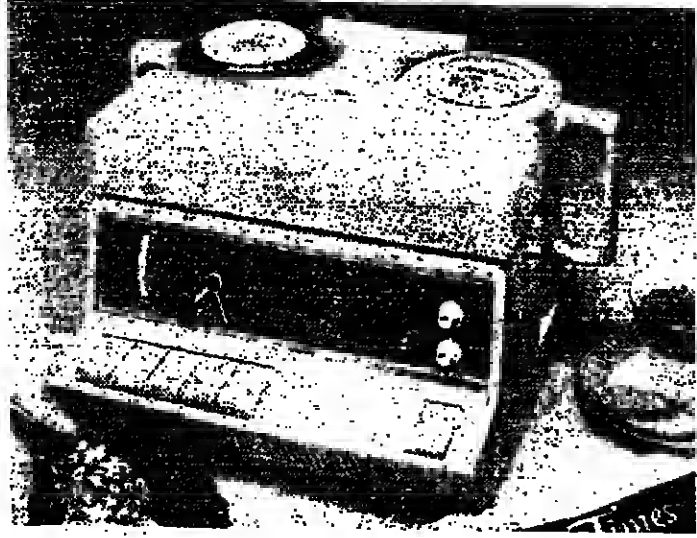
the Slater Foundation between leading young players of England and New Zealand. The venue was at stockbrokers Phillips and Drew, who are backing a major grandmaster tournament in London in April. This decisive game enabled Murray Chandler to win 2-1. White: H. J. Plaskett. Black: M. Chandler (New Zealand). Pirc Defence (2nd match game 1979).

1 P-K4, P-Q4; 2 N-KB3, P-Q3; 3 P-Q4, P-P; 4 N-P, N-KB3; 5 N-QB3, P-Q3; 6 B-K3, P-K4; 7 N-N3, B-K3; 8 Q-Q2, Q-N2; 9 P-B3, R-B1. More active is P-QN4, to follow by N-N3 without obstructing the QNP.

HOW TO SPEND IT

by Lucia van der Post

Not chips with everything . . . yet

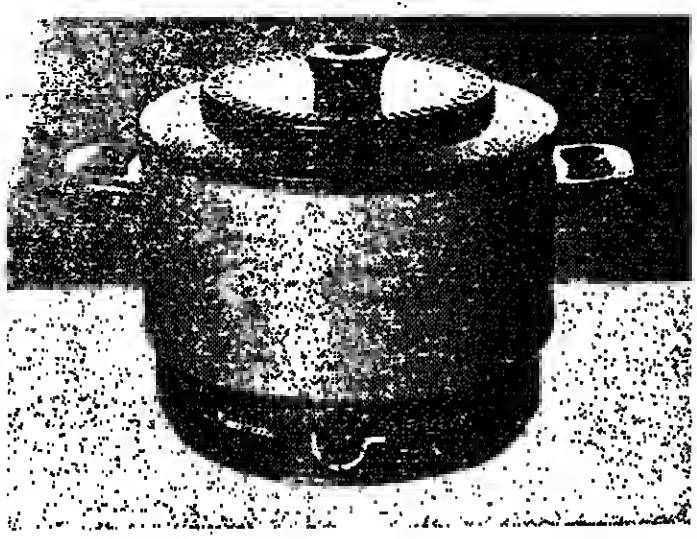


Photographed left are three of the newest electrical products seen at the recent International Domestic Electrical Appliances Trade Fair.

From top to bottom: first is the Goblin 870 Teasmade and it's the first machine to make tea automatically, wake its owner and incorporate a radio. For the large section of the population whose early mornings are spent accompanied by music this could be just the machine to transform those grim hours. The machine can be programmed to switch on bedside light, make tea at any time, switch on the radio as and when it's wanted. You can choose whether you want to be woken by the sound of music or a gentle alarm buzzer. You can buy it now from leading electrical stores for about £90, though if you look around you should find it cheaper (Argos, for instance, sells it for £85.99).



Middle: Redring, the company that has brought out this interesting looking item describes it as "nothing like a kettle but everything a kettle should be." And that seems to sum it up. Made from a high quality engineering plastic (modified Polyethylene oxide) the "Aurobell" is strong, easy to clean and said to resist scaling. The element can be covered by a cupful of water so that it is very economical to use. The handle is at the side so that the kettle can be refilled without your hand being burned by steam. It is easy to grip and pours well. It will be in most good electrical shops shortly and though the recommended retail price is about £20 you should be able to find it for about £16.



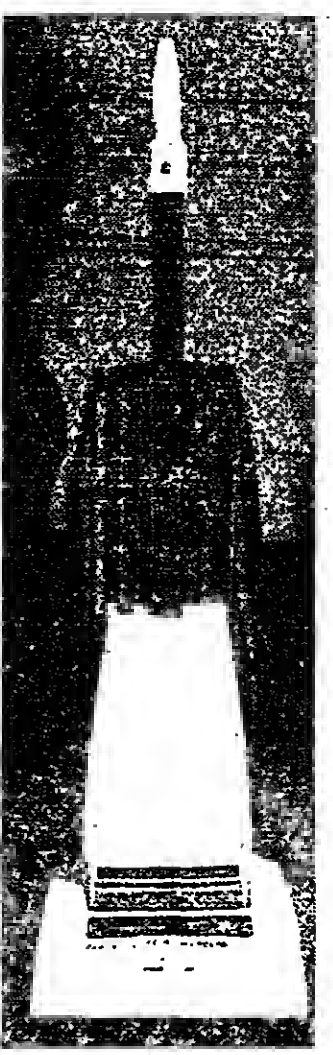
Bottom: I only wish thermostatically controlled electric fryers had been around when my children were smaller and preferred a diet of hamburgers, baked beans and chips. I know of at least two close friends who have been severely burned by pans of fat catching fire and feel that the only safe way (which happily is also more economical) to cook things like chips, that require deep fat, is one of those new deep pans which has a thermostat control. The chips emerge crisp and magnificent, the operation is safe, clean and (in models that have filters, like this Russell Hobbs Fryer) entirely smell-free. It heats 2.4 litres of oil to 190 deg. C in about 12 minutes. On sale from April at about £28.50.

A FEW weeks ago the electrical appliances industry held their annual trade fair. Though primarily of interest only to the trade it will eventually be of immense interest to the general public as these are the appliances that will be out there in the marketplace in a few months' time for the consumer to buy or reject.

Each time one buys a major domestic appliance like a washing-machine, a vacuum-cleaner or a dishwasher, let alone the myriad smaller gadgets that most of us indulge in from time to time, we are having to make quite a complicated decision. Many of us fear that no sooner will we have bought one model than a new improved version, possibly at a cheaper price, will hit the market. In particular we have been hearing a great deal of the miracle silicon chip, the essential element of the micro-processor, but to what extent will it really help and to what extent has it yet been used in the products currently on the market?

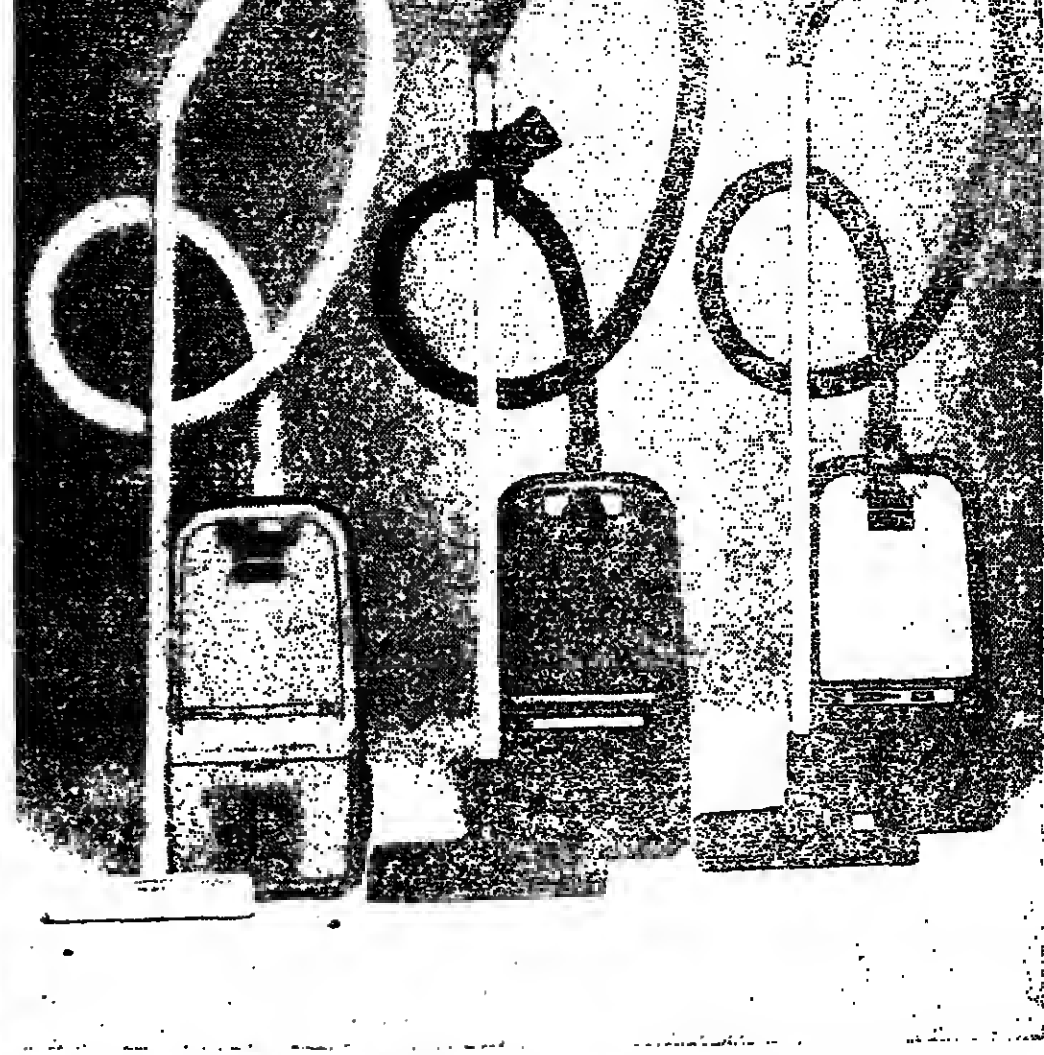
The answer is that currently its influence is only just beginning to be felt. Servis have had a washing-machine with a micro-processor on the market for about three years now and claim that the number of breakdowns and service calls have been substantially reduced. Miele too has a very new machine with a micro-processor. Other companies are watching the Servis operation closely and several other machines with micro-processors are scheduled to be launched later in the year. In general the great advantage of the micro-processor is that it gives much more sophisticated and reliable controls. This means that, for instance, in a washing-machine there is greater control over the spin-dry operation, the machine will be able to adjust to the amount of wetness in the clothes, will give a greater number of programmes and will be less likely to break down. Servicing should be much easier because all the controls are contained in a little box and instead of fiddling about with a multitude of wires the service engineer will simply replace the little box should anything go wrong.

Though there are as yet only two washing machines on the market (other machines have electronic controls but these are not the same thing—they may contain a silicon chip but unless this performs a multi-function, as opposed to a single function, it is not a micro-



processor) there are several cookers like the AEG, Neff and Moffat versions, which incorporate micro-processors. Yet again the advantage is of greater sophistication and reliability of controls—for instance it offers much more accurate temperature control (particularly useful with bobs so that milk, for example, can be kept hot without boiling over), simpler servicing and less likelihood of anything going wrong.

The old-fashioned vacuum cleaner is a changing . . . several new improvements will be available to those who are buying a new one this year. Left is the latest model from Hoover—the Concept One. Besides cleaning in a highly effective way (the new brushes seem able to deal with different heights of carpet pile, enable the brushes to clean right up to the skirting board and go into corners) the Concept One's chief claim to fame is that it is so easy to use. It is virtually self-propelled and is therefore extremely easy for the elderly or handicapped



to use as virtually no strength or force is required. The machine moves either forward or backwards effortlessly—the user guides it with a special handle but the Powerdrive unit in the machine makes sure it moves itself where you want it to go. There's a huge disposable bag which will, obviously, therefore need replacing less often than the old ones. It has a retractable cord, will be going into shops in a couple of months time and will cost about £125.

Right is the Husqvarna vacuum cleaner which is a marvellously futuristic shape and coloured in combinations of Magnolia and Black, Brilliant Orange and Black or Chrome Yellow with Black wheels. It is extremely easy to manoeuvre, light to pick up and carry and it also has a large dust bag. Husqvarna's cleaners are cylinders, as opposed to uprights (though as you can see from the picture they can be stored upright) and the top model, the 230, has electronic speed control to vary the suction power, as well as a super-boost facility for those plagued with dog or cat hairs. In the shops in about three months time, about £75.

Naturally machines with micro-processors cost more than simpler models at the moment—partly because they are usually only installed in the more sophisticated equipment anyway. Prices may come down later (it is hard to tell with the steel strike in its sixth week) but the housewife will in any event have to weigh the advantages of a higher initial outlay against the probability of lower servicing costs.

All this, though, is mainly talk of what is to come. What is there for the consumer today? At the Fair some of the most interesting items were designed for small families—for instance Servis and Husqvarna each had a dish washer which took about three place settings each and completed the cycle in a very short time.

Similarly, the small Bendix washing-machine is designed with a family of one or two people in mind and it takes a load of just 4 lb while there are several machines with narrow top-loaders for areas where space is tight.

There were lots of showers (25 per cent of British homes now have them) and for all these houses replete with major appliances there were a host of tempting small items like sandwich toasters, cream cheese makers, waffle-makers, and the rest, which we will report on at a later date.

Crowning Glory

BY JULIE HAMILTON

I SEEM to remember being told in my youth that it was simply not done to serve a roast at a dinner party. Now, of course, the price of meat is so high that a large juicy roast is a luxury.

The new season's New Zealand lamb is at its very best this month, stable in price and good value for money. Pork prices are stable, too, after a sharp rise before Christmas, but beef continues to go up. This makes New Zealand lamb the best buy for the time being.

Firm opinions about whether English lamb is better than New Zealand are questionable because it all depends on season, price and quality. To my taste the very early English lamb has too mild a flavour. It is also so small and so expensive that it is not a good buy.

I do not believe people who swear that they can tell the difference between the best English and New Zealand lamb. When properly cooked, it is rare

for lamb to be tough. The over-cooking of lamb is very common in this country and is clearly to many people's taste. The French nearly always serve their lamb pink, which is how I like it. On the other hand, if you prefer a really strong lamb flavour, the slower and longer it is cooked the stronger the taste.

I know someone who served at a dinner party a saddle of lamb which had been cooked in a slow oven from mid-day until 8.30 pm. Some of the guests thought it was the best lamb they had ever tasted. Indeed it was surprisingly good though I would never cook a saddle that way.

Here is a dinner-party idea for leg of lamb with a difference.

Roast the lamb in the usual way according to your own taste then, instead of offering mint sauce and onion sauce, make a special sauce and, just before serving, cut the lamb (leg which you have asked the butcher to bone out) into slices. Place them on a hot serving dish and pour the sauce over them.

bring back to simmering point, stir, taste and add salt. Keep warm until needed. Just before serving, bring the sauce back to simmering point and pour it over the carved lamb.

Sauté potatoes and green vegetables are ideal with this dish. It would not be advisable to serve carrots or similar vegetables because they are sweet and so is the sauce, therefore the balance of flavour would be upset.



the juice aside. Finely chop them and combine with the minced lamb and all the other ingredients, adding the egg last of all to bind the mixture. Fill the centre of the crown with the mixture, pressing well down. Protect the ends of the bones with tin foil. Pour the apricot juice, mixed with a cup of water, into the base of the roasting tin. Place in a pre-heated oven (gas mark 5, 375°F) on a low shelf. After 10 minutes reduce the heat to gas mark 3 (325°F) and cook for 35 minutes. The amount, including in your calculation the 10-minute pre-heat, is 45 minutes. New potatoes, if you can get them, petit pois and a salad of chicory, green peppers, cucumber and watercress will well complement the stuffed lamb.

Apricot Stuffed Crown

A crown of lamb is a fairly showy piece of meat to serve for dinner. If you have bought high quality lamb it is a shame to disguise its flavour by stuffing the centre of the crown before cooking. I find it better to puree vegetables such as peas or even sprouts, season them well and pour into the cavity just before serving. This method is particularly good if you like your lamb as I do, well seasoned with garlic and rare. If you enjoy your lamb well done and want to stuff the crown before cooking, this recipe will produce a rich and unusual dish for a hungry set of dinner guests.

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Mint and Onion Sauce

serves 4 to 6

3 medium-sized onions; 2 1/2 sprigs fresh mint; 2 oz butter; 1 level dessertspoon sweet paprika; 1 teaspoon caster sugar; 1 heaped teaspoon flour; 1 teaspoon vinegar; 2 tablespoons dry white wine; 5 oz soured cream.

Finely chop the mint. Slice the onions thinly. Fry the two together over a gentle heat until the onions are transparent. Remove the pan from the heat and add the paprika. Stir well, add the sugar and flour, stir, add the vinegar, return to the heat, stir well and simmer for a couple of minutes. Now add the wine and soured cream.

Orange Pancakes

If you have assembled round your table people who have plenty to talk about and who enjoy lingering over their meal, it is fairly safe to serve a dessert which requires a little attention in the kitchen just before serving. Perhaps because the hostess does not like to risk a pause, pancakes are rarely served, but the effort is worthwhile. Furthermore, it could make an interesting variation on the traditional theme for Shrove Tuesday on February 19.

16 pancakes for 8 people

Pancake mixture: 8 oz plain flour; 2 eggs; pinch of salt; approx. 1 pint milk; 3 table-spoons soda water; 1 teaspoon very finely grated orange rind.

For the sauce: Juice of 2 oranges; Juice of 1 lemon; 2 oz butter; 2 tablespoons caster sugar; 2 tablespoons

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Le Feu de Bois

that I was writing about, the American designer jeans now on sale in Harrods and other exclusive shops, are by a designer called simply Sasson (but, confusingly, it is pronounced just like the other two names). Sorry Vidal, Ronald and Sasson.

Hang it all

There can hardly be a mother in the country who isn't intimately aware of all that the Mothercare range of shops sells and does. However, those without children of their own, may not realise what a good source of presents either the shops themselves or the excellent catalogue that the company produces are. Each new issue of the catalogue sees some new ideas and in this year's edition I like this laundry tidy bag. It consists of a rigid frame with a book at the top so that it can be hung easily, like a hanger. Attached to the frame is a strong fabric bag which can be removed for washing. £4.80. New in the safety series is a smoke alarm system—an infra-red light picks up any smoke particles and sets off the alarm. £13.25. For a copy of the catalogue write to: Mothercare-Post, Cherry Tree Road, Watford WD2 6SH (which is free) or pick up your own free copy from your nearest branch.

The Vikings are coming

The Vikings Exhibition scheduled to run at the British Museum from February 14 to July 20 looks as if it will be a must. For those who are fascinated by this period Glorflita have designed a new needlework kit, in conjunction with British Museum Publications, which will be on sale at the British Museum for the duration.

The picture is based on scenes of early Viking life and mythology as it emerges from the memorial stones left behind on the island of Gotland, Sweden. There are figures of gods and men, ships, horses and birds, while the border is made up from mystic Viking symbols.

As with all Glorflita kits, all the wools are supplied with the canvas—the colours are soft browns, bronzes, cream and terracotta and the size is 16 ins by 15 ins. £16.95. Also available by mail order (plus 50p p and p) from Selective Market Place, 16, Golden Square, London W1.

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ARTS

Erewhon & Elen

BY ANTHONY CURTIS

Anyone who thought that the last word had been said about the life and times of Samuel Butler was proved incorrect on Radio 3 last Sunday in *Samuel Butler and New Zealand*, written and narrated by James McNeish. The programme shed some new light on the great Victorian ironist.

Butler went as a young man to New Zealand to escape from Father and his Rectory, also to make sufficient money to be financially secure later as a writer. He was only 28 but he soon succeeded in fulfilling the latter aim. He combined the talents of musician and essayist with those of mountain-climber and entrepreneurial sheep-farmer. He prospected 120 miles north of Christchurch, climbed the mountains to 5,500 feet above sea-level, and annexed 80,000 acres of grazing land for himself in Mesopotamia. This gave him not only plenty of space for his sheep to crop, but the landscape, as described in his limpid prose, for his masterpiece.

Contrary to the received wisdom, this programme showed that the genesis of *Erewhon* does go back to Butler's time in New Zealand and that it was largely written there. Butler read the *Origin of Species*, when it first appeared, in Mesopotamia, and he published his earliest satire as a pseudonymous letter in the local newspaper, the *Canterbury Press*, which became the forcing-house of his literary talent. It was headed "Darwin and the machine" and in it he pointed a "fertile union between two steam engines"—thus starting the train of thought that led to *Erewhon*.

At the same time he fell in love with a New Zealand school-girl of 15. He failed to win her as a wife because of his anti-religious opinions. If he had he might never have turned gay. His great musical love was Handel which he played on a cottage piano which still survives, and which provided the musical illustrations for the programme. Nonetheless Butler declared later that life in New Zealand was "utterly ungenial to me." He found solace only in the company of a young lawyer called Paul who followed him back to England. Paul was, said Mr. McNeish, "a charming, syphilitic, common swindler." He became completely enslaved to Paul who ruled him of money for the rest of his life, rather like the Maugham-Haxton relationship.

Malcolm Muggeridge, who first broke the news about Paul



Gus Elen

to a disbelieving world in his book on Butler in 1935, spoke about the affair in the programme. He saw Paul as in some ways a substitute for the real Victorian father whom Butler had repudiated in life and immortalised in *The Way of All Flesh*. Fascinating stuff, ably directed by Christopher Venning.

To find original research on radio you do not have to listen only to Radio 3. There is a great deal on Radio 2 at present in the evergreen area of Music Hall. On Tuesdays we are currently half way through the life and times of Stanley Holloway. *Win a Little Bit of Luck*, written and researched by Benny Green and Michael Marshall. This week it was the monologues which brought Holloway fame; the week before the programme was largely devoted to the Co-op of whom he was a founder member; we heard delirious things into the sound archive for the voices of David Burdab and others. As the name implies the troupe was always looking on the bright side. By contrast, the Cockney comedian Gus Elen to whom last Sunday's Radio 2 Top of the Bill was devoted took a much more sardonic view of life in his character songs, particularly when it came to marital relations.

Oh! they 'adn't been married not a month nor more. When underneath 'er fumb goes Jim. Ob, isn't it a pity as the likes of 'er. Should put upon the likes of 'im?

Here, too, much research had been packed into the 30 minutes, written and presented by Richard Anthony Baker. Gus's piece told us something about his close-fisted private self, and Tony Barker, an authority on Elen, discussed the Cockney argot and social content of his work which barked often on the sudden accession of wealth and the impact it might have on a working-man. Gus, who was not a Cockney by birth, acquired his own wealth by hard work which brought him vast popularity.

Gus was coaxed out of retirement in the 1930s when he made some fine recordings on which the programme drew. Many of these are also to be heard on the LP released last year *You Have Made a Nice Old Mess of It* (Topic 12T396) with sleeve notes by Mr. Barker whose publication *Music Hall Records* (50 Reports Road, London SW6) aims to keep its readers abreast of the latest research and releases.

Mainly Czech

BY ANDREW CLEMENTS

Arias and songs by Kozeluh, Myšlíček and Foerster, and piano music by Janacek and Smetana, exquisitely balanced Moravia and Bohemia in the first half of Thursday night's recital at the Purcell Room by Beryl Tupacská and Jana Frenklová. Performances were enthusiastic and freshly minted: Miss Tupacská is a vivid soprano, inclined to occasional squalls of forced tone and muddled articulation; Miss Frenklová offers a clean, secure keyboard technique, but never quite managed to master the treacherous acoustics of the Purcell Room.

Two Italian arias by Kozeluh and a pair of extracts from Myšlíček's *Eric* represented Bohemia at its most classical. Miss Tupacská obviously relished the coloratura of the operatic arias, as she did equally the faded romanticism of Foerster's *Three Songs* Op. 85, but the audience (largely of Czech, one imagines) responded most spontaneously to some devastatingly effective settings of Moravian love songs

by Antonín Tučský, with spare, affectionate piano accompaniments.

Miss Frenklová's playing of Janacek could very obviously become something rather special; at present she is inclined to neglect the more delicate shades and painted in the *Mist* instead in primary colours, but there is already much intelligence in her approach. More Czech music would have made an acceptable second half to the evening, which was divided instead between Britten's song cycle *On this Point* and a new work by Jeffrey Lewis, written especially for Jana Frenklová. Lewis's *Tobacco* is a long, unrelenting exploration of some everyday harmonic sequences and noisy sonorities; it was played, as far as one could tell, with great assurance and commitment but the impression left was of pianistic talent unexploited. Before long it would be interesting to hear Miss Frenklová in a complete programme of the music she evidently loves and promises to play so well.

Kelly over the top

Christie's auction of the contents of the studio of the late Sir Gerald Kelly yesterday proved a tremendous success, with prices going way above forecast and a host of private buyers bidding in the saleroom.

SALEROOM

BY ANTONY THORNCROFT

For the first time. The morning session alone totalled £88,000 which was Christie's estimate for the day.

"Miss Hong Kong as a Burmese," a famous Kelly composition, sold to Marlborough Fine Art for £6,500, three times the forecast, and the same secured "Celestina del Pimo of Trinidad" which had been forecast to go for around £500. Other items to far exceed expectations were "Reyes IV," which made £4,800, and "La Majda," £3,600. It was the same story of the National Portrait Gallery, where the *Portrait of a Lady* by Mandaly sold for £350 as against the £40-£50 estimate.

The sale totalled £164,115 with everything selling. A study for the portrait of King George VI was bought by Leggett, on behalf of the National Portrait Gallery, for £3,000.

At Sotheby's Chancery Lane the Tate Gallery paid £40 for the *Portrait of a Lady* by Mandaly, which was the work of Allen Jones. A Marilyn Monroe calendar of 1956 sold for £35 while volumes 1-49 of *Picture Post* from 1938-55, went for £1,000. Top price in this books and ephemera sale was the £2,000 paid by Maggs for a copy of "Sir Hugh the Heron" by Rossetti.

Jack Shepherd in 'The Iceman Cometh'

The Iceman Cometh, the third and final play in the Eugene O'Neill season at the National Theatre, small and medium-sized theatres, will open on Tuesday, March 4, with Jack Shepherd as Hickey.

Performances start at 5.30 so that they end by 10.30. There are to be three intervals, the middle one a half-hour food-break.

The Two Widows

BY RONALD CRICHTON

Scottish Opera have treated Newcastle upon Tyne this week to a miniature Smetana festival, with *The Two Widows*, recently presented in Glasgow, and their already familiar *Bartered Bride* which is due to come to London. *The Two Widows* is a joint production with Westford, given at that festival in 1978 and reviewed here at the time by Max Loppert. David Pointon's production and Maria Björnsdóttir's design, I gather, remain more or less unchanged. The cast is largely new. Wednesday's large audience at the Theatre Royal gave the piece a warm welcome.

The Two Widows is indeed an enviable addition to the repertoire of any company playing, as Scottish Opera mainly does, in medium-sized theatres. It was a later work (Prague 1874, revised 1878) than *The Bartered Bride*, almost as ebullient but more varied, more varied, with enough local colour to situate

the action (derived in fact from a French comedy) without turning it into a folk-manifestation. More than once, banter and merriment give way to a mood very like the elegiac sadness of Smetana's aria in the *Bride*, while Aneska's solo scene in act 2 with its sharp human insight and subtle harmonic colouring goes deeper than anything in the earlier opera.

Aneska is the difficult one of two cousins, both left widows at an early age. She explodes unnecessary remorse for an unhappy marriage by ostentatiously prolonging her mourning and snubbing a former, still ardent suitor, Ladislav. The young Scottish soprano Marie Slorach sings the part with a quiet serenity pleasing without carrying enough guns as yet for the big scene (Aneska's music is worthy of a *Jurinea* or a *Smetana*), though since the voice took on new life and

personality immediately the scene was over, Miss Slorach may simply be too modest.

As the exultant cousin Karolina, a good-hearted, unassuming, Bohemian Lady Willow, ingeniously enjoying her single state and position as lady of the manor, Patricia Hay gives a most polished comedy performance. Dennis O'Neill is Ladislav the lover, reduced to posing as a noisy and inefficient poacher, with ringing tone and an easy stage manner—splendid tenor voice, may he look after it well. William McCue's gamekeeper Mamiel, incensed at the poaching and confused by the ladies' behaviour, is a potentially rich comic portrait that hasn't quite settled down (on Tuesday Mr. McCue was landed with a beagle-pup, an understudy I was told, that insisted on being heard as well as seen). As the young lovers Lidka and Tonik, who add little to the drama but have deliciously light-footed music, Patricia O'Neill and Bonaventura Bottone were excellent.

Smetana called *The Two Widows* his "wedding opera." Some of the more inward music seemed to need a more enclosed setting than Miss Björnsdóttir's ingenious combination of house and garden, though that served well enough on the whole—it may have been something to do with the singing of the big am blind Mr. Rosenthal's introduction of this mostly intimate piece is appropriately less astronomically active than *The Golden Cockerell* or *The Bartered Bride*. Guy Woolfenden conducted the Scottish Philharmonic (the company's own new orchestra was due to be heard the following evening). He is a lively, pleasant accompanist to the singers, but Smetana's score would repay a good deal more light and shade.

Display of work by Canadian artist

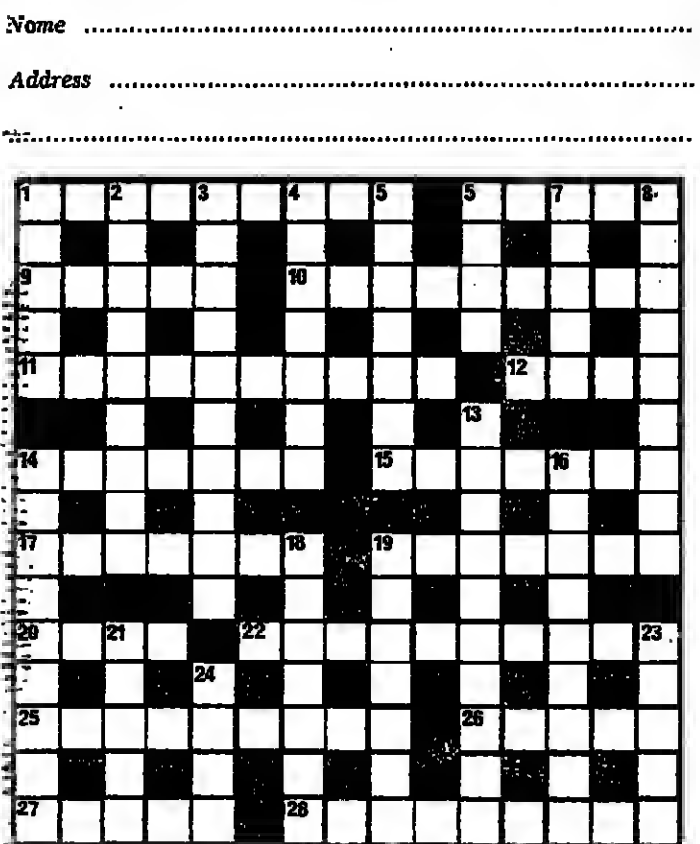
Paintings and drawings from the last decade of the life of Canadian artist Jack Chambers, who died in 1978, are on show at the Canada House gallery, Trafalgar Square, SW1, until Wednesday, February 13. Chambers, who died at the age of 47, was frustrated by being called a surrealist and coined his own label of perceptual realism. His 11 paintings and 11 drawings are on exhibition at the gallery.



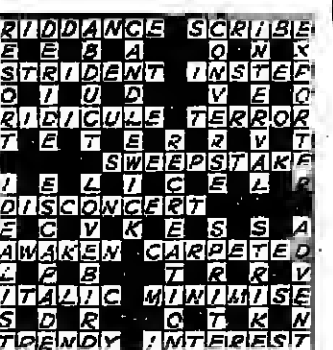
Patricia Hay and Marie Slorach

F.T. CROSSWORD PUZZLE No. 4,196

A prize of £5 will be given to each of the senders of the first three correct solutions opened. Solutions must be received by next Thursday, marked Crossword in the top left-hand corner of the envelope, and addressed to the Financial Times, 10 Cannon Street, London, EC4A 3DF. Winners and solution will be given next Saturday.



- ACROSS
- 1 Receive invitation to enter on behalf of (4, 2, 3)
 - 2 Pei on leave out of sight (5)
 - 3 Lesson Frenchman has spoken (5)
 - 4 Stress on inferior family (9)
 - 5 A horse in training is produced for inspection (7, 3)
 - 6 In case the French go on way (4)
 - 7 Unusually crude, so rubbed clean (7)
 - 8 Public transport on a railroad (7)
 - 9 Voter liable to change aides in Cork (7)
 - 10 Little time to corner men at fight (7)
 - 11 Racket caused by beast on piano (4)
 - 12 Relevant bringing baby male to full stop (2, 3, 5)
 - 13 Bat put life into small boy (6, 3)
 - 14 Nymphe Digna disturbed (5)
 - 15 Small number angry with rover (5)
 - 16 Skulduggery at Rugby formerly banned by Lord Chamberlain (5, 4)
- DOWN
- 1 Company bumped into heavenly body (5)
 - 2 Month policeman ought to behold explorer (5, 4)
 - 3 Uneducated and not fit to repeat (10)
 - 4 Discovered newsman was established (7)
 - 5 Strong point about suspicion (7)
 - 6 Terrible to pass over outside right (4)
 - 7 Stern direction taken by dirt (5)
 - 8 Upsets remaining variety acts (9)
 - 9 Superficially attractive snag over coin (10)
 - 10 Bishop to write short county newspaper article (9)
 - 11 Fstive swindle against one medicine bottle (9)
 - 12 Reds too may be settled for the night (7)
 - 13 Person planning southern church with mere adjustment (7)
 - 14 Small-scale masthead to note (5)
 - 15 Trifle about divine drink (5)
 - 16 Sound for a start last post (4)



BBC 2

7.40 am 2.20 pm Open University
2.20 pm Saturday Cinema: "All in a Night's Work," starring Dean Martin.
3.50 The Sky At Night.
4.10 Play Away.
4.25 Horizon.
5.25 Mr. Smith's Indoor Garden.
5.50 Open Door.
6.20 Top Table.
7.00 News and Sport.
7.15 Gangster Movie: "Marked Woman," starring Bette Davis and Humphrey Bogart.
8.50 Snooker: Benson and Hedges Masters.
9.30 Playhouse.
10.40 Darts: Embassy World

Solution to Puzzle No. 4,195

Solution and winners of Puzzle No. 4,190
Miss Anne M. Dingli, 1 Berkeley Road, London, N8 8RU.
Mrs. W. M. Hubbard, 421 Woodgrange Drive, Thorpe Bay, Essex.
Mr. A. E. Shilcock, 2 Mill Street, Chagford, Devon, TQ18 8AW.

TV Radio

BBC 1

† Indicates programme in black and white.

LONDON

7.40-8.30 am Open University (Ultra high frequency only). 9.05 Gymnast. 9.30 Multi-coloured Sweep Shop. 12.12 pm Weather. 12.15 Grandstand Football Focus (12.30): European Four-man Bobsleigh Championship (12.50); Table Tennis (1.05, 1.40, 2.10) Stiga Welsh Open Table Tennis Championships; Racing from Newbury (1.20, 1.50, 2.30); Snooker (2.50, 4.25) Benson and Hedges Masters Final; Rugby League (3.20) State Express Challenge Cup—first round: Wigan v. Hull Kingston Rovers; Darts: Football Embassy World Professional Championship (Final); 4.40 Final Score.
5.15 The Pink Panther Show. 5.45 Sport/Regional News. 5.50 Wander Woman. 6.40 Jim'll Fix It. 7.15 All Creatures Great and Small. 8.05 The Dick Emery Show. 8.40 Dallas. 9.30 News. 9.40 Match of the Day. 10.40 Parkinson with guests. 11.40 Alan Price in concert. All Regions as BBC1 except as follows:
Wales—5.45-5.50 pm Sports News Wales. 12.30 am News and Weather for Wales. Scotland—4.55-5.15 pm Scoreboard. 5.45-5.50 Scoreboard. 9.40-10.40 Sportsnews. 12.30 am News and Weather for Scotland. Northern Ireland—4.55-5.15 pm Scoreboard. 5.45-5.50 Northern Ireland News. 12.30 am News and Weather for Northern Ireland.
England—5.45-5.50 pm (South West only) Spotlight Sport.

BBC 2

7.40 am 2.20 pm Open University.
2.20 pm Saturday Cinema: "All in a Night's Work," starring Dean Martin.
3.50 The Sky At Night.
4.10 Play Away.
4.25 Horizon.
5.25 Mr. Smith's Indoor Garden.
5.50 Open Door.
6.20 Top Table.
7.00 News and Sport.
7.15 Gangster Movie: "Marked Woman," starring Bette Davis and Humphrey Bogart.
8.50 Snooker: Benson and Hedges Masters.
9.30 Playhouse.
10.40 Darts: Embassy World

ATV

6.10 am A Better Read. 6.35 Play Guitar. 10.00 News. 10.10 News. 10.20 News. 10.30 News. 10.40 News. 10.50 News. 11.00 News. 11.10 News. 11.20 News. 11.30 News. 11.40 News. 11.50 News. 12.00 News. 12.10 News. 12.20 News. 12.30 News. 12.40 News. 12.50 News. 1.00 News. 1.10 News. 1.20 News. 1.30 News. 1.40 News. 1.50 News. 2.00 News. 2.10 News. 2.20 News. 2.30 News. 2.40 News. 2.50 News. 3.00 News. 3.10 News. 3.20 News. 3.30 News. 3.40 News. 3.50 News. 4.00 News. 4.10 News. 4.20 News. 4.30 News. 4.40 News. 4.50 News. 5.00 News. 5.10 News. 5.20 News. 5.30 News. 5.40 News. 5.50 News. 6.00 News. 6.10 News. 6.20 News. 6.30 News. 6.40 News. 6.50 News. 7.00 News. 7.10 News. 7.20 News. 7.30 News. 7.40 News. 7.50 News. 8.00 News. 8.10 News. 8.20 News. 8.30 News. 8.40 News. 8.50 News. 9.00 News. 9.10 News. 9.20 News. 9.30 News. 9.40 News. 9.50 News. 10.00 News. 10.10 News. 10.20 News. 10.30 News. 10.40 News. 10.50 News. 11.00 News. 11.10 News. 11.20 News. 11.30 News. 11.40 News. 11.50 News. 12.00 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FINANCIAL TIMES

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Saturday February 9 1980

Those behind
cry 'Forward!'

THE GOVERNMENT, which is hardly trying to ingratiate itself with its opponents, has now begun to run into trouble with its supporters. There is no clear evidence at this stage that those in front are crying "Back!" and the steel tank incident, when a widely-publicised offer of extra money turned out to be a chimera, is a useful reminder of how far rumour is to be trusted. Nevertheless, reports of hard going in the review of public expenditure, and the lack of any clear news of legislation to curb picketing, is causing impatience.

Old habits

The Government, in refusing to rush extremely difficult measures, is probably wiser than its critics. Much of our present financial agony is the consequence of a Budget which tried to rush too many fences, cutting taxes before expenditure had been checked, and financing the cuts through a combination of higher prices and charges, and excessive public borrowing.

Changing habits of thinking born of a decade of economic mismanagement is a longer and more difficult task even than correcting the financial balance. Realism keeps cropping up in small but significant ways: the refusal of the Sheerness steel workers to stop work in support of their heavily subsidised rivals in the State industry, the reports of growing resistance in BL to the officials call for a strike in support of Mr. Derek Robinson. But old habits die hard. The steelworkers still find it insulting to be asked for productivity.

Now since the Government's central purpose is to bring the actors in the economy back into touch with reality, and indeed to proclaim its own powerlessness to protect us against the results of bad economic performance, it might well be more diversionary than helpful to rush into a power confrontation. The reform of industrial relations will be effective only if the public at large wants reform; and that demand may only become strong as reality gets a grip.

Inflation

It is when workers in general realise what has dawned on the men of Sheerness—that pickets are often demanding subsidies from their "brothers" through higher taxes or higher prices or both—that popular support for a change in the rules will grow. Our present economic situation, in which excessive wage settlements are greatly accentuating the depressing implications of monetary restraint, suggests that we may have to suffer a good deal more before reality is widely understood.

Even in the financial markets, where some of the swivel-chair

confrontations are to be found, there seems to be a good deal left to learn. While the fixed interest markets in New York as much as in London, are adjusting to a long fight to restrain inflation, the equity markets all over the world have been tending to rise despite the monetary danger signs.

In economies where there is no effective monetary restraint, this makes a kind of sense. Higher defence and aid spending in response to the Afghan crisis suggest a higher level of activity but a more obstinate continuation of inflation than seemed likely a couple of months ago.

In Britain, however, we do have determined monetary restraint, which is being imposed almost regardless of long-term expense, and this has implications which the market is reluctant to face. Excitement over a takeover battle is no offset to the gravest financial squeeze industry has faced for five years.

Illusion

This squeeze is no more an accident than the unyielding front which the Government has presented to the steel industry. The Government has laid down the monetary rules, and industry must live as best it can within them. Since it takes two sides to make a wage bargain, it is clear that many employers still regard union power as a much more pressing threat than tight money. The results will be unpleasant for everyone involved.

The equity market, which rose on rumours of expensive concessions to win a steel settlement, and fell in response to the news that the cash limits still apply, clearly hankers for the inflationary "comfort" which can probably be expected in New York, despite a decade of falling real wages and falling real share values to demonstrate how illusory such comfort is bound to prove.

None of this adds up to a message of despair, as some industrial managements are already showing—the level of confidence shown in the last CBI survey was by no means as uniformly bad as alarmists might expect. In the longer run, when our adjustment to monetary restraint is nearer complete, when the worst inflationary shocks are past, when some real growth can be resumed and when the Government is enjoying rising North Sea revenues, progress could be relatively easy and highly encouraging. But we must first go through the pains of withdrawal from our inflationary drugs, and neither calls for an escape into power politics, or for a hair of the monetary dog which hit us, can alter that.

WHAT IT COSTS IN AUGUST

	CORTINA 2 adults and 2 children*		Foot passengers
	Cheapest	Most expensive	
Dunkirk Ramsgate	42.0	50.0	8.00
Townsend Thoresen	42.0	50.0	11.00
Howe-Lloyd	50.5	73.0	9.00
Sealink	56.9†	61.4†	9.90
P & O	62.0	67.5	10.40
Seaspeed	70.3	70.3	10.50
Seajet	n.a.	n.a.	18.00

* Single fare — short sea crossings UK-France.

† Does not include £15 discount on return fare for early booking.

‡ Does not include £10 discount on return fare for early booking.

Cross-Channel price war

BY WILLIAM HALL, SHIPPING CORRESPONDENT

U.K.—FRANCE (SHORT-SEA ROUTES)

			Crossing time	Peak	Peak daily capacity	
	Routes	Vessels	(minutes)	frequency	Passengers	Cars
FERRIES						
Sealink*	A, B, C, D, E	13	90-140	43	73,000	12,000
Townsend	A	3	75	30	39,000	10,500
P & O	B	3	105	24	24,000	5,300
Dunkirk-Ramsgate	G	1	120	6	7,500	1,300
HOVERCRAFT						
Seaspeed	A, B	3	40	34	15,250	2,000
Hover-Lloyd	F	4	40	54	15,000	2,000
JETFOIL						
Seaset	E	1	120	12	3,100	—

* 9 British and 4 French ferries

Routes: A Dover-Calais, B Dover-Boulogne, C Dover-Dunkirk, D Folkestone-Boulogne, E Folkestone-Calais, F Ramsgate-Calais, G Ramsgate-Dunkirk, E Brighton-Dieppe.

* 9 British and 4 French ferries

Routes: A Dover-Calais, B Dover-Boulogne, C Dover-Dunkirk, D Folkestone-Boulogne, E Folkestone-Calais, F Ramsgate-Calais, G Ramsgate-Dunkirk, E Brighton-Dieppe.

cross-Channel service three times a day.

The traditional hold of Sealink and Townsend Thoresen is also now being threatened by the hovercraft operators. British Rail's Seaspeed very nearly doubled its market share to 15 per cent last year—carrying 1.5m passengers and 186,000 cars between Dover and Calais, Boulogne. Along with Hoverlloyd (together they have about a third of the market) the hovercraft operators have proved there is a demand for fast Channel crossings.

Finally, a number of companies have started to operate jetfoils. The first—crossing between Brighton and Dieppe—has been in service for almost a year and P & O's two new jetfoils should start operating between London and Ostend at the end of the month. The Belgian Transport Ministry has also announced its decision in principle to buy two £15m jetfoils (equivalent to the cost of two new ferries) for the Dover-Ostend route.

If all this new equipment was not enough, all the conventional operators are introducing additional ferries this year, increasing their capacity by 40 per cent. Townsend Thoresen will have three new ferries operating by the end of the year and Sealink will have two. The combined investment is of the order of £80m. P & O is introducing a third ferry this week and the French Schaffhof group intends to start operating a couple of freight ferries later this year.

Against this background it was virtually inevitable that the old pooling arrangement whereby the major operators agreed common fares would disintegrate. However, few travel agents were prepared for the current chaos.

It was thought that the major ferry operators would use their own-fund pricing freedom to stimulate off-peak travel. Only 24 per cent of

Dover's total number of passengers travel during February, for example. To some extent Sealink, followed by Townsend, has followed this course, offering £20 return fares for a car plus two people in February. This is a reduction of more than £50 on the normal fare.

However, both operators have cut their prices during the peak summer months much to the consternation of the smaller operators. Townsend has altered its pricing structure so strict comparison with last year is complicated. But single passenger fares have been cut by nearly 20 per cent.

Townsend's aggressive pricing policy, which is linked to the introduction of its new generation of jumbo ferries, seems to have caught Sealink off guard. Only weeks after announcing its 1980 tariffs Sealink decided to scrap the higher rates for larger cars in an effort to match Townsend's prices. As a result prices for large cars were cut by more than a third.

One side effect of this was that Sealink had to reprint all its 1980 tariff schedules and promise to compensate all large car owners who had already booked their 1980 holiday crossing. Sealink has also thrown the travel trade into further confusion by altering the size and dates of the discounts it offers for early booking as well as introducing a series of special offers each month. Meanwhile, an outsider, Dunkerque Ramsgate Ferries, has decided to undercut virtually every other operator to win business.

The vast bulk of the tourist traffic crosses the channel in the summer months from June to September, so it will be some time before it becomes clear who is winning the battle for the dominant share of the market. Sealink and Townsend are well placed. Both are taking delivery of newer and more efficient tonnage and both are

Townsend's higher speeds will result in a 55 per cent increase in fuel consumption. Townsend disputes this, but refuses to disclose the fuel consumption of its new ferries.

With ships' bunker costs doubling over the last year, fuel costs have become a key factor nowadays. As a rule of thumb, ferries can break even on one-third full. Hovercraft have to be almost full to make any money and their operating results so far have been far from healthy. Seaspeed lost money in 1978 and Hoverlloyd made a small profit.

Last year Seaspeed did better, but Hoverlloyd was hit by higher fuel costs and its future is in the melting pot since its owners, the Swedish Broström Group, are known to want to sell it. The rumoured selling price was £15m but this has now dropped to less than £10m. In addition any purchaser would have to find an extra £25m to increase the size of Hoverlloyd's ageing fleet.

Growth to
tail off

British Rail's Seaspeed is known to be interested in purchasing Hoverlloyd but this has been ruled out since the Government will not sanction the expenditure. There are various other solutions being explored, such as the purchase of Hoverlloyd by a third party which would then link up with Seaspeed.

The combined group could provide stiff competition for the conventional ferry operators because of the economies of scale. But it is unclear what impact higher fuel prices will have on their operations and whether passengers will be prepared to pay premium prices for a faster crossing. The same doubt applies to the hydrofoils.

The only thing that can be said with any degree of certainty is that the period of excess demand for the ferry operators is over—probably for good. The main companies hope that the bulk of the price cutting will be concentrated on stimulating the off-peak market. However, with the collapse of the common pricing policy of Sealink and Townsend plus the sharp increase in new capacity, this seems a fragile hope.

Within the next few years the spectacular growth in commercial traffic is expected to tail off and higher petrol prices are already discouraging holidaymakers from taking their cars abroad (car traffic through Dover stagnated last year). In the future looms the prospect of competition from a channel tunnel. For the ferry men the salad days appear to be over.

Letters to the Editor

Police

From Lord Inglewood

Sir,—Jan Davidson's article on the police (January 25) was very timely and there are more chapter headings than the five he mentions.

The sixth could be the need generally for improved understanding of what policing is about and to achieve this the police must be much more frank in their turn. At present they seem absurdly suspicious even of those who want to help them and have the best of motives. If two forces in England organise night classes explaining police organisation and duties, why cannot others do the same?

The relations between police and public will always be of a love-hate kind and it is up to politicians and members of police authorities to try to dispel the hate element.

I would disagree with Jan Davidson when he criticises what he calls the loquacity of certain chief constables. I much prefer that they should explain what they are trying to do as against shutting themselves up in their force headquarters and becoming remote mysterious figures. The police in Britain are feared more than they know or are prepared to admit and much of this could be dispelled if police authorities would play a more positive part but all too many are weak and secretive about their statutory responsibilities.

And I would mention one further chapter, which is the quality of those joining the police service and the training they will receive. Whatever remedial measures the Government, the people of Britain or the police themselves may take in order to improve conditions on the surface, there will remain the basic problems of recruiting not just numbers to fill the establishment, but enough men of real talent and ability to ensure a selection when it comes to appointing men to the more senior jobs. At present this

does not happen and the consequences are clear for all to see. Inglewood.

Imports

From Mr. K. Napuk

Sir,—For some time successive Governments have grappled with the balance of payments problem without success. Ministers are correct that the economy has a supply problem, that is, that it could not meet domestic demand and required vast quantities of imported goods to satisfy that demand. Past strategy, however, never effectively addressed this problem by focusing on imports to reduce this imbalance. Rather, the emphasis mistakenly was placed on supporting largely inefficient companies unable to compete and survive on their own. Even funding a new industry such as microchips might help meet future industrial demand, but present consumer demand remains unchanged and that is the primary cause of the trade imbalance.

A proper strategy would begin by identifying those industries in which there is a clear trade imbalance. Having identified where the supply/demand problems are, it would be a policy/technical decision to decide which industries required domestic suppliers. Domestic producers could be established in two ways: locating the necessary production and managerial skills available here and abroad and "packaging" them with adequate public funding; and encouraging efficient foreign companies to locate in the United Kingdom. In the former there would be 100 per cent import substitution, while the latter would guarantee at least 75 per cent substitution even if there was a 25 per cent leakage in repatriated profits. Either way, there would be a dramatic reduction in imports when efficient, effective domestic suppliers began producing consumer goods. It is estimated there would be a multiplier of ten times any original invest-

ment in the form of newly created domestic sales directly replacing imported goods, that is, a public investment of £100m could generate a reduction of £10m in imports. Moreover, this public investment would represent a one-off requirement and would be repaid to the Treasury from future profits of domestic producers.

This strategy easily could be proven by selecting a modest demonstration project involving five companies in five different industries. Such action would be the most positive step forward to improving this country's chronic imbalance of payments that any Government could take. Import substitution by publicly supported domestic producers could win the day, not the hopeless and impotent policy of import controls.

Kerry Napuk.
Townhead, Ancrum,
Jedburgh, Roxburghshire,
Scotland.

Interest

From Col. C. de Lisle

Sir,—I am delighted that at last the disclosure regulations to the Consumer Credit Act 1974 are shortly to be laid before Parliament. I am equally pleased to see that common sense has prevailed, in that home loans are to be excluded from the regulations; for if not so excluded mortgage repayments would, of necessity to conform, rise across the board. There is, however, one aspect of your correspondent's comments (January 30) which I should like to raise. He rightly pointed out that in the future all advertisements and quotations must show the total charge (interest) for credit, expressed as a percentage. Unhappily, he was not alone in this, he used the phrase "annual percentage return" (APR) when referring to this rate. The rate to which he referred is in fact the effective rate of interest, derived from the nominal rate, converted according to the number of repayments made within

any one year and the Act treats this by truncating it to one place of decimals and calling it the "annual percentage rate of charge" (APRC), not the APR.

May I make a plea that APR is never used in this country to express the rate to which the Act refers, for APR in the U.S. refers specifically to the "nominal", not the effective, and already there are thousands of computer programs and programmed calculators of U.S. origin so designed. Confusion, and error, are inevitable if we start using a term with the same nomenclature meaning precisely different things.

Colonel C. de Lisle
Robley Park, Ridge,
Potters Bar, Hertfordshire.

Housing

From Mr. D. J. Roaf

Sir,—Samuel Brittan's Lombard column (January 21) on mortgage rates suggests "low-start mortgages" as the way to help poor people to buy houses. Such schemes are needed because we continue to use historic accounting in times of high inflation. Most of the interest now paid on mortgages is, in real terms, repayment of capital. Depositors in housing societies are repaid in depreciated currency—and even present interest rates do not compensate them fully. Houses last 60 years or more—much longer than other assets. Inflation accounting is essential for discussions of housing finance.

If we were to "index-link" both mortgage loans and deposits, we could make house-purchase easier and help the small saver. Interest rates would be 2 per cent or 3 per cent because depositors would know they would get their purchasing power back with their money. The real burden of an index-linked mortgage might be a steady 10 per cent of a borrower's after-tax income for 20 years (on a conventional mortgage it starts at 25 per cent, but 10 per cent inflation reduces it

to 3 per cent in year 20). Incidentally index-linked mortgages are part of Liberal Party policy. Council house finance on historic accounting is also misleading. The Government claims that selling council houses at half-price is profitable if this price is above the original cost. Inflation accounting would show this is nonsense. Of course we may still want to sell council houses in order to create mixed communities or to improve standards of maintenance or simply because tenants want to buy. We might even want to sell blocks of unsellable flats for rehabilitation. But we should be told the true facts.

A new council house costing £16,000 may bear interest charges of £40 per week—on top of repairs and management of £5, 23 per week. Yet rents (excluding rates) may be only £8 per week. The deficit is met by a special Government subsidy of £25 per week and other council tenants bear the remaining £10 per week. Over the years inflation will increase the rent, so that after 20 years at 10 per cent inflation the toll £40 will be met from rent.

If we were to index-link council housing loans and interest rates fell to 2 or 3 per cent, no central Government subsidy would be needed. If the Government wants to cut its spending and still allow council houses to be built, index-linked loans would be the answer. Our present subsidies are unnecessary. If we use inflation accounting nearly bankrupted British business in 1974-75. Must this failure also destroy our house-building programme?

D. J. Roaf,
Exeter College,
Oxford.

Indexation

From Mr. G. Kramers

Sir,—In recent months much has been written in your columns about the index-linked pensions that are enjoyed by the civil service. Whatever the views expressed, all your

readers would be pleased to be able to look forward to such a pension and I would suggest that the Government should try to bring such pensions within the reach of all.

It could, in time, achieve this by issuing one series after another of index-linked stock to "registered" insurance companies and pension funds for the benefit of UK nationals.

The interest rate on the stock would be about 5 per cent and would not change but there would be a triennial review for each series followed by a bonus issue of stock to the holders to bring the purchasing power of the original investment into line with current purchasing power as measured by the Index of Retail Prices. The stock would only be sold to "registered" insurance companies and pension funds for the benefit of funds and pension arrangements that aim to provide index-linked pensions and satisfy the Registrar that the stock is being used for that purpose.

The amount of money that the institutions and pension funds are seeking to invest is already enormous, it is growing year by year and it presents a problem that has to be faced. Fund managers want a "real" return on their money so they stay out of the market and force up interest rates; in order to satisfy the borrowing requirement, the authorities have to increase minimum lending rates. If such an index-linked stock were available to pension funds, interest rates could be expected to fall and the economy would benefit as industry would find it easier to expand. If high interest rates are paid many will hope that inflation goes on so that the interest on the National Debt becomes a smaller proportion of the GNP—the existence of an index-linked stock would be a constant reminder of the need to curb inflation.

G. H. Kramers,
Partington Lodge,
Partington Lane,
Mill Hill, NW7.

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The doubts about advertising receipts

BY IAN DAVIDSON

DO WE need a fourth television channel? This may seem an obvious question, since the Government has just tabled its Bill for the establishment of just such a second commercial TV channel. But the consensus of the professional, whether in television itself or in the advertising industry, is that a fourth channel would not in any large way increase the size of the viewing audience: some would put the potential increase as low as 1 or 2 per cent.

This would imply that the viewing public is satisfied with what is currently on offer. Nobody, of course, thinks that our television service is perfect; in theory everybody would like more choice. But there has never been any sign of a populist movement demanding a fourth channel, and we are constantly reminded that British television is, despite its wars, the best in the world.

Nevertheless, the notion of a fourth channel has acquired an irreversible momentum of its own. Most television sets have long had a button labelled "TV-2", as if waiting for the great day to arrive, and now with the Government's Broadcasting Bill it seems almost to have arrived. The crucial question is, what kind of channel will it be, and how will it be organised?

Both the outgoing Labour Government and the incoming Conservative Government have been clear that the new channel should provide a different kind of service from that available on the current ITV channel. Under Labour the catchword was "access": an Open Broadcasting Authority would be established to ensure that the charmed world of the ITV cartel would be opened up to independent programme-makers, and even to ordinary people.

The Conservatives, in contrast, have been anxious to close down Quangos wherever

possible, so they are understandably reluctant to set up a new one. In any case, they do not think it is necessary. Mr. William Whitelaw, the Home Secretary, has endorsed the view that the new channel should provide much greater access to independent programme-makers, but he has decided that this can be achieved within the existing television structure.

Subsidiary

The Independent Broadcasting Authority, which is supposed to supervise the activities of the ITV and independent local radio companies, is to set up a subsidiary company which will be responsible for organising the content of the new channel. In principle, the new channel will differ from ITV in being a national service with some local options, including some Welsh programmes in Wales; in practice, this is not very different from ITV, where most of the service is networked, and regional programming takes place at the margin. In political terms, however, this margin is important, since it includes quite a fair amount of coverage of local political figures, who are assiduously cultivated by the regional TV programme companies.

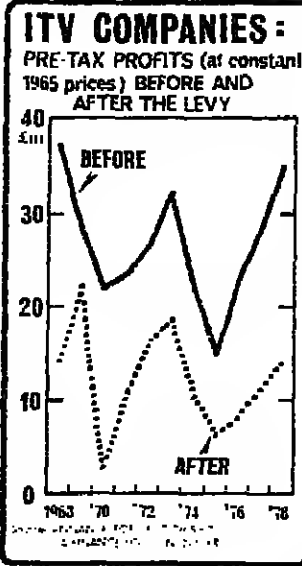
The fourth channel is to differ from the existing commercial TV channel in its programme content. Mr. Whitelaw has specified that it must have a distinctive character of its own, and that to this end it must give a "suitable" proportion of its air-time to minority and educational interests. In addition, the IBA must ensure that a "substantial" proportion of the programmes must come from independent producers who are not controlled by the existing commercial television companies. The Government

has not spelled out what it means by either "substantial" or "substantial", but the IBA has already indicated that it would expect to get between 15 and 35 per cent of the new programming from independent producers.

In its ruminations on the programme content of channel four, the Government seems to have been motivated by two considerations, one positive, one negative. On the positive side, it has decided that there is no point in providing another television channel unless it offers something different from what is already available; on the negative side, it has decided that the new channel must not compete with the existing ITV channel, since this would lead to a ratings war with ITV, and thus also with BBC1, and would bring about a ruinous decline of all standards.

It is easy to agree with the first proposition; the second seems more open to debate. On public interest grounds, there would clearly be no case for a new channel if it confined itself to studio games and soap opera; but it is very curious to see a channel of this kind, and especially one headed by Mrs. Margaret Thatcher, expressing alarm about the potentially deleterious effects of competition.

This fear of competition rests on the assumption that the size of the television audience, besides being very stable, is also at or near its maximum level. In 1973, before the ITV channel was launched, the BBC averaged about 47 per cent of the audience (BBC1, 39 per cent and BBC2, 8 per cent), while ITV got about 33 per cent. Now the BBC is held to believe that it could not tolerate a situation in which it got less than 40 per cent of the audience, since the licence fee imposed on all TV sets implies a duty to provide for a very substantial popular appeal.



This would appear to leave rather little room for the new channel. Indeed, the IBA appears to believe that the addition of the fourth channel would raise the total market share of the two commercial channels to 60 per cent leaving the BBC with its minimum 40 per cent, and that of this 60 per cent share the new channel would get 15-35 percentage points, leaving ITV-1 with 45-50 per cent. The implication is that any larger share would lead to a ratings war with the BBC, or with ITV-1, or with both.

There seem to be three possible flaws in this line of reasoning. The first is that we have for many years had competition for ratings between the BBC and ITV, without a collapse of all programme standards.

Second, it is hard to understand why 40 per cent should be a sacrosanct minimum for the BBC. If we had three popular programmes, and only a duty to provide for a very substantial popular appeal, (BBC-2), then the three could

each be satisfied with 30 per cent.

Third, while the national TV audience is stable, it is not at all clear that it gives the maximum attention to what is appearing on the screen, or gets the maximum enjoyment from it. New research techniques will be able to measure how many people are actually in the room while the set is switched on, and the probable increase in the proportion of two-set families, which may reach 50 per cent in the mid-eighties, will mean that more people can be watching programmes they want to watch.

Nevertheless, the IBA is convinced that the new channel must lose money, and the Government has decided not merely that the channel must not compete with the existing ITV-1, but that it must be subsidised by the ITV companies. Indeed, the prevention of competition is to go so far that the selling of advertisements will be handled, not by the channel four company, but by the ITV companies, which will also (according to the IBA proposals) provide up to three-quarters of the programme, and have the largest single block of seats on the board of the new company. It follows that the companies will have considerable freedom in controlling and balancing the volume and price of the advertisements, and in influencing the selection and price of the programmes which appear on the new channel.

The IBA has indicated that the addition of the fourth channel would not increase total commercial TV advertising by more than 10 per cent, or about £10m at 1979 prices, whereas it thinks the expenditure budget of the new company should be £80m-£90m. Hence the need to exact contributions from the ITV-1 companies.

But the advertising industry, using the IBA's own figures, has come up with quite different answers, which indicate that the likely income of the new channel would be at least £68m, and possibly as much as £112m. In that case, the new channel would be self-supporting from the word go; would not require any subsidy from the ITV companies; and would not therefore need any of the conspicuous links which would make it so very complementary to ITV-1.

This controversy is essentially a conflict of vested interests. If the new channel were intended to be a genuinely independent commercial company, it would have to limit its expenditure to what it thought it could finance. One large and successful (but independent) TV programme maker is convinced that the capital for such a company could be raised without difficulty. Before ITV-1 started, many thought it was commercially hare-brained: Lord Thomson later described it as a licence to print money.

Obviously, the ITV companies are anxious to prove that the new channel, which could be a commercial challenge to their comfortable cartel, can only survive with their help. Equally obviously, the advertising industry, which does not like the monopolistic aspect of ITV-1, is anxious to prove that the new channel could very well survive on its own.

What remains somewhat perplexing is the position, in this battle of vested interests, of the IBA itself. According to its charter it must be wholly independent, and while its critics have long maintained that it is a poor plaything in the hands of the sharp men in the ITV companies, do doubt it is independent; but is it competent? It is certainly very odd that it should be so easy for the advertisers to argue, on the basis

of the IBA's own figures—and using nothing more abstract than a few percentage calculations—that its financial conclusions are fundamentally unsound.

Of course, it is perfectly possible for the new channel to run at a loss; it only requires that the company should spend too much money on programmes which too few people want to watch. The trouble with the arrangements being proposed by Mr. Whitelaw and the IBA is that they maximise both the incentive and the opportunity for the ITV franchise holders to ensure that they maximise their profits while minimising the independent viability of the new channel.

In the end, one is driven to question the structures which govern broadcasting in this country, and which are such a curious mixture. The central text for all current discussion, and the starting point both for the IBA's plans and for the new Bill, is the speech by Mr. William Whitelaw, at the convention of the Royal Television Society last September. But it is a speech which can only excite astonishment.

At one point he said: "A television service funded in part—and perhaps in large part—by direct government grant is an undesirable and in my view a dangerous precedent." The curious thing about this statement is that the BBC is funded entirely by a tax fixed and periodically altered by the government of the day on the basis of openly discussed revenue needs; while the ostensible deficit in the operations of the new channel is to be met by a scheme which will indirectly be financed by the Government, since the subsidy will correspondingly reduce the profits on which the companies pay a two-thirds levy to the Government.

Further on, he discusses the difficulty of legislating for the control of broadcasting. "Great deal in legislation may prove misconceived," he said, "yet an injunction to do good, so general as to be platitudinous, would rightly not satisfy either Parliament or the public." The paradox is that the television acts which govern ITV are fairly specific, with injunctions concerning the portrayal of violence, political balance and impartiality, and who may or may not express opinions; whereas the BBC charter is wholly devoid of any reference to the question of editorial standards, and is exclusively concerned with house-keeping issues. The double paradox is that the BBC, internationally regarded as the benchmark for broadcasting standards, is regularly the object of political controversy and governmental pressure, whereas the ITV companies are rarely the target.

The explanation of this discrepancy is certainly not to be found in any difference in the real behaviour of the BBC and ITV, nor in any positive activity of the IBA. Experts in the industry would say that the BBC is regarded by politicians as serious and therefore potentially threatening, whereas the companies are regarded as being slightly less than respectable. But the real difference lies in the existence of the IBA as a separate if largely passive organisation whose statutory duty is to represent the public interest; whereas the BBC governors have to combine both the public interest and the interest of the broadcasters.

On the basis of the present proposals the fourth channel is unlikely to satisfy anyone except the ITV companies. The IBA would be much more useful if its role were extended to cover the entire broadcasting industry, including the BBC—provided, that is, that it can do its sums.

Weekend Brief

Snowy death traps

In ski resorts across Europe this week they have been putting up signs to warn visitors of avalanche danger. The sticky unseasonal warmth of the past few days has loosened the deep Alpine winter snow, and suddenly there are parts of the mountain areas which are quite literally death traps. Every year the avalanches claim more victims. This week they have included Robert Blanc, the 47-year-old originator of the Ski Evolutif teaching system and driving force of the French resort of Les Arcs.

Blanc was a brilliant skier and impressively mountain-wise, but still he fell victim apparently while exploring snow conditions before holiday-makers were allowed anywhere near the danger zone.

The past week has seen typical avalanche conditions in most of mountain Europe. So far it has been a winter of heavy snows, but also of varied temperature. Over the winter months it forms layers after layer, each of a different texture. White snow may fall on a previous cover of icy sleet and they may both in turn be covered by a heavy big-flake blizzard. Sometimes these layers weld together but sometimes they hang loosely on steep slopes. A warm spell, perhaps encouraging a ground thaw which actually puts a film of water between the snow and the mountain, pushes a basic instability to a critical point. At that stage almost anything can set an avalanche moving.

Most mountain communities are well aware of their own avalanche danger areas. Resorts like Zermatt in Switzerland and Madonna in Italy are cut off from time to time. Even a casual visitor to mountain valleys can see the paths they carved in the past. Anti-avalanche fences are placed at the top of the chutes down which they normally tumble; explosives are planted in the summer and detonated by remote control to set off small slides before the big ones become likely; shells are fired into the snow to loosen it; visitors are warned; and, above all, the mountains are regularly inspected. Why then do people die?

There are three basic reasons, and the prime one is that nature is unpredictable. No matter how great the experience there is always the possibility that nature will do the unexpected and an avalanche will strike where none has been before. The second problem is that of human stupidity. In spite of warning signs skiers still head off without guide into deep snow. There is a modern enthusiasm for deep snow skiing and resorts are increasingly driven to giving skiers greater freedom to explore. The resort that does not do this loses custom to competitors who do. This is accompanied by a mountain guide. I have wandered far from the prepared ski runs, but no matter how venturesome we were, we frequently encountered other skiers, inexperienced but adventurous skiers, can easily

Dangers of avalanche in the Alpine ski resorts... China sees a revival of corruption... all beautiful people are brown

be caught even by a "small" avalanche which is nonetheless a killer, but perhaps more worryingly, can set one off for innocents below.

Skiers going a long way from prepared areas should notify someone of their proposed route and, if possible, carry locator beeper which enable rescuers to find a buried skier quickly—but few seem to do either of these things. Caught in an avalanche there is not much you can do although theories abound. A surprising number of people do survive the experience, sometimes after being buried for days. The first thing to try to do is to get out of the way—not by skiing down hill—but by making for shelter. Trees are usually a sure sign of a spot out of avalanche routes. If snow actually hits you most experts advise giving first priority to keeping an air pocket around the face by getting your hands over it. Suffocation is a major avalanche killer.

Basically, however, the number of recreational skiers caught by avalanches is remarkably low considering the apparent danger. Avalanches are not part of the everyday life of the average ski holiday-maker, particularly those who take even half-hearted care. The avalanche season nonetheless shows that even in these days of technological skiing and mountain rescue, the need for care which provides the third reason for accidents. There is always someone who has to check on the danger on behalf of others and it is he who is most exposed. Robert Blanc this week showed just how exposed.

Return of Oriental williness

Black marketeering, tipping, trade in girls' magazines, gambling and the practice of some foreign businessmen to offer "inducements" to state officials to secure contracts are part of the price China is paying for greater contact with the outside world and the more relaxed approach inside the country to the free market.

A sign of Chinese concern at abuses of foreign exchange regulations came last month with the crackdown on black marketeering in local currency. According to reports from Canton, which is the entry point for many travellers coming from China, an exchange rate of seven to one was being secured by those selling foreign currency to local Chinese.

This has led to similar measures to those adopted in Czechoslovakia where foreign exchange abuses were rampant in the early 1970s. Foreigners will now be issued with foreign exchange certificates, like a second currency, which will have to be used for purchases from approved businesses. Foreigners will not be precluded from using local currency. Demand for foreign exchange comes from Chinese wishing to buy consumer goods either from stores in China, catering for foreigners, or for use outside the country.

Black marketeering is not confined to currency violations. Goods ranging from dark

glasses to antique vases and furniture can now be purchased at "non approved" outlets. Chinese will also pay big prices for foreign sex magazines and cassette tapes featuring Deng Lijun, otherwise known as Theresa Teng, who sings sultry pre-1949 love songs.

Dark glasses, particularly those with reflecting glass, are in great demand and it is considered de rigueur to keep the label glued to the glass, therefore impeding the wearer's vision. This is apparently considered a major irritation in the interests of fashion.

The growing practice of foreign businessmen to provide inducements to state officials is partly the result of fierce competition among traders to secure Chinese contracts. One American businessman, experienced in the China trade, told this correspondent recently that officials from a state corporation concerned with purchasing large quantities of raw materials overseas now virtually expected "presents" to secure their co-operation. She said it was commonplace for small luxury items such as calculators and watches to be given to Chinese officials. She blamed the Japanese for the growth of this practice.

Along with black marketeering, it also appears that gambling is re-emerging in China. A letter to the Communist Party newspaper, People's Daily, this week complains about the "evil wind of gambling, and its writer called for action against gamblers whom, he said, were sabotaging public order and having an evil effect on young people. According to the People's Daily one commune in Anhui province, in East China, ran up a deficit of about £20,000 because workers spent so much time gambling. One practice—tipping—which has been unheard of in China, has started at the Peking Hotel, home of many foreign businessmen in the Chinese capital. A British couple, long-term residents at the hotel, confessed recently that service was extremely poor until they began tipping the senior attendant on their floor. The couple were not sure whether the practice was widespread, but they thought others also tipped. Some might regard the latter as the most disappointing development.

Joining the brownies

That chap in the pin-stripe suit, the whiter than white shirt and the tan that positively shrieks Bahamas or Cstaad, who takes the 9.35 from Sloane Square to Mansion House every morning is about to be exposed.

Information from unusually reliable sources enables us to reveal that his sultan comes not from a winter break in the Caribbean, nor even a long weekend's skiing in Switzerland. He got it in a basement in Sloane Street, by spending 20 minutes each morning on his way to work lying on a glass bed, under a battery of huffs, like the ham in a sandwich, being slowly toasted to his present hue of rich golden brown. Carolyn Sears, cabaret artiste turned beauty salon proprietress, who runs the

"tannery" from the basement area of the chic Knightsbridge boutique Harahel's says the upsurge since Christmas of men wanting suntans has been quite remarkable.

"Last year it was only the odd husband of one of our women clients who would pop in for a tan. But since Christmas we have been able to cope with demand. We only ask men first thing in the mornings before we start on the ladies so most of our male customers pop in on the way to work. Some want to keep up a tan they got on holiday; others want to get a good base so they won't burn when they go on their next holiday, but a lot of them just want to look brown all year round. They say looking brown makes them feel healthy, and look good."

Across the road from Harahel's at the Carlton Tower hotel, the men's gymnasium and health club run by Nicholas of London has seen the light and invested in one of the £2,000 suntan beds to capture a share of what it sees as a booming male suntan market. "At the moment we have about 29 regulars a week who come in before or after work to spend half-an-hour or 45 minutes in the tanning room and two are popping up holiday tan but most of them just want to look healthy—and a tan makes anyone look healthy."

Such is the growth in the fake tan market, that one enterprising operation has opened up selling nothing but instant suntans. Called, appropriately enough, Brownies, and sited centrally in Foubert's Place off Carnaby Street, it has four beds for women and three for men, an investment of around £15,000. When I phoned yesterday all beds were fully booked. Nothing available until next Wednesday.

"Since Christmas there has been a tremendous upsurge in the demand for suntans, especially from men," says Brownies' manageress Cathy Cheyne. "We are doing about 100 men a week at the moment—although a few of them are repeats, in that they come two or even three times a week. We have all sorts coming in—producers from the BBC, a lot of people from the rag trade, even a chap from British Rail. I think most of them come in to get a tan because it gives them a sense of wellbeing, but I think more men are coming to terms with their vanity. They think £5 a session is a small price to pay for looking good."

But if the men's suntan market is rising, the women's market is glowing even better, thank you. At Covent Garden's very expensive Sanctuary health and beauty club (£800 a year, or £18 a day) the demand has been so great they have had to double the number of solarium beds from five to 10 and are about to double that again.

"Every one wants to look brown during the winter," says Sanctuary spokesman Carol Hayes. "We are doing about 100 women a day on average, from secretaries to models to high-powered businesswomen. I think the state of the economy has something to do with it. Its cheaper to come here and spend a couple of hours on a sunbed than take a winter holiday."

Contributors:
Arthur Sandles
Tony Walker
Robyn Wilson

ECONOMIC DIARY

TO-DAY—One-day conference on South Africa, Westminster Cathedral.

MONDAY—BL Longbridge plant strike call. European Central Bankers begin two-day meeting in Basle. Wholesale price index (January, provisional). Central Government transactions (including borrowing requirement) (January). Turnover of the catering trades (fourth quarter). European Parliament in session, Strasbourg. EEC Finance Council meets. National Union of Teachers' half-day strike against staff cuts, Coventry.

TUESDAY

Result of BL pay ballot. Shipbuilding pay talks resume, Newcastle. Building Societies' monthly figures (January). Sir Geoffrey Howe, Chancellor of the Exchequer, at Electrical Contractors Association dinner, Grosvenor House Hotel, London. Meccano workers' management, Old Court Place, W.S.

WEDNESDAY

Index of industrial production (December provisional). Statement by Confederation of British Industry on links between industry and education, Midland Hotel, Birmingham. Prince of Wales and Mr. Gordon Richardson, Governor of the Bank of England, speak at annual banquet of Bristol Chamber of Commerce, Grand Hotel, Bristol. Mr. David Howell, Secretary for Energy, at annual dinner of Institute of Petroleum, Grosvenor House, London.

THURSDAY

House of Commons debates EEC fisheries policy. UK banks' assets and liabilities and the money stock (mid-January). London dollar and sterling certificates of deposit (mid-January). Consumers' expenditure (fourth quarter—second preliminary estimate). Mr. John Moore, Parliamentary Under-Secretary for Energy, visits Welsh Centre for Alternative Technology, Machynlleth. Alcoholics Anonymous conference, Phoenix Theatre, Charing Cross Road, London.

FRIDAY—Balance of payments (current account) and overseas trade figures (January). Retail price index (January). Usable steel production (January). Finished steel consumption and stock changes (fourth quarter—provisional). Cyclical indicators for the UK economy (January). Experimental cut by British Airways to return fare on London, Washington Concorde. Young Conservatives annual conference, Futurist Theatre, Scarborough.

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UK COMPANY NEWS

Hirst & Mallinson loses momentum in second half

PARTLY DUE to higher interest rates which resulted in a near doubling of interest payable for the year, pre-tax profits of Hirst & Mallinson declined to £296,000 for the 53 weeks to November 3, 1979, compared with £445,100 for the previous 12 months.

This represents a second half downturn from £320,100 to £134,800, or at mid-term an advance from £125,100 to £150,400 was reported. At that time the directors said that due to the strength of sterling, margins on export business were reducing and the outlook for UK business was not optimistic because of inflation and higher energy prices.

They now say that they are confident that positive results will be seen in the current year. Stated earnings per 20p share are shown to have fallen from 11p to 6.2p. The final dividend is 3.3p net for a total payment of 2.8p (2p).

Turnover for the 53 weeks amounted to £18.65m (£15.62m). Profits were struck after charges of £11,200 (£11,300), tax took £50,500 (£25,200) and there were extraordinary costs of £226,800 (£72,500) which arose from the restructuring of textiles.

The directors state that while trading profits in distribution have increased, the increase was not sufficient to offset fully the

DIVIDENDS ANNOUNCED

Company	Date	Current payment	Corr. Total	Total
Greenbank Trust	March 28.3.6	4.2	2.6	3.6
Hirst and Mallinson	April 9.1	1.3	2.6	2
Watsham's	March 31.3.3	3.75	—	8.1

Dividends shown net of tax and other adjustments. * Equivalent after allowing for acquir issue. † On capital increased by rights and/or acquisition issues.

substantial downturn in textiles, which now seem to be facing an increasingly difficult market situation worldwide.

Action taken to increase the investment of resources in those areas of the business where the directors saw profitable growth and, conversely, to reduce its involvement where they considered that such growth was not attainable has been designed to preserve the strength of the group's liquid position and ensure that it has a good base from which to take opportunities as they arise.

comment

After a 28 per cent rise at the half-way stage, Hirst and Mallinson's pre-tax profit has fallen by a third for the year as a whole and things may get worse before they improve. The main problem concerns the textile business which last year accounted for around 40 per cent of group

trading profits, a share which is now declining. Cheap imports, retail problems and harshly squeezed margins have all contributed to the sad state of the group's textile interests.

Although there has been significant restructuring within the group, there may be still more textile rationalisation around the corner. Most of the £227,000 extraordinary item was related to this reorganisation programme. Turning to the pharmaceuticals side, the continuing price war in this field has inhibited performance as well. The only bright spot is the catering equipment distribution business. This has been picking up but could be affected if the steel strike goes on too long.

At 30p, down 3p yesterday, the yield is 12.9 per cent after a 30 per cent rise in the net and the p/e is 5.8 on published earnings.

BIDS AND DEALS Imperial wins New York in liquor licence battle

BY ANDREW FISHER

Imperial Group has obtained liquor licence approval from 36 U.S. states as part of its \$630m (£274m) takeover of the Howard Johnson hotel and restaurant chain, and is selling off a small New York-based liquor operation to satisfy the authorities there.

This leaves four of the 40 states in which HoJo operates where licence approvals are still outstanding. The British tobacco, food and drinks company said yesterday that "substantial additional progress" had been made on the U.S. tie-house laws.

These are designed to prevent companies in other areas of the liquor industry from operating retail outlets. As well as Courage breweries in the UK, Imperial also owns the Saccione and Speedy liquor distribution company.

It is the small New York operation of Speedy and Saccione that Imperial will have to give up as a result of the conditional licence approval granted by the state.

Mr. Lawrence Gedda, chief executive officer of the New York State Liquor Authority, confirmed last night that licence approval had been granted on this basis.

Imperial had said that it would comply with the authority's requirement, but added: "They have to remove the impediments."

New York is one of the key U.S. states where HoJo does a large slice of its business and Imperial executives have indicated that the takeover could not be completed without licence approval there.

At the end of last year, Imperial cleared an important obstacle with liquor licence approval in California.

David Lascelles adds in New York: Howard Johnson shares moved irregularly in New York this week on reports that Imperial's takeover bid might be challenged by beer wholesalers in California. But they regained all their losses yesterday after the UK group announced that it had received clearance for the takeover from 36 of the necessary 40 states.

HoJo shares, which had been trading at around \$24 a week ago, lost a couple of dollars in the early part of this week. But they recovered to \$24 again by noon yesterday.

The shares are highly sensitive to news because arbitrageurs have taken up large positions. According to reports circulating in Wall Street, one of the main arbitrageurs sold early in the week. But others took advantage of the price drop to increase their holdings. Apart from continuing uncertainty about state liquor approval, a factor in the discount below the bid price of \$28

is the absence as yet of any completion date for the takeover. The formal deadline is September 30 this year.

Ropner selling bulk carrier for £2m

Ropner Holdings, the Darlington-based shipping company, is to sell one of its largest bulk carriers, the 106,800 dwt m.v. Rudy, for £2m.

Most of Ropner's fleet is employed on long term charter and in the case of the Rudy, the charterer has indicated his intention to exercise his option to terminate the charter and acquire the vessel.

Ropner expects to receive about £2m in cash on the transfer of ownership. The written down value of the Rudy at the end of March 1979 was £2.2m.

In addition to the basic hire Ropner participated in a limited extent, in gains and losses derived from the trading experience of vessels entered into the charterers' consortium.

The bulk carrier market improved sharply during 1979 and this had a big impact on Ropner's profits which at the half-way stage were nearly a fifth higher. With the sale of the Rudy, Ropner's fleet will be reduced to five ships, four bulk carriers and one tanker.

Watsham's improves in first six months

FOR THE first half-year ended September 30, 1979, pre-tax profits of Watsham's improved from £291,000 to £341,000, on higher turnover of £1.85m compared with £1.25m.

Stated earnings per share are 8p against 7p and the interim dividend is lifted from 3.3p to 3.75p per share. The total in 1979-79 was doubled to 8.1p on record pre-tax profits of £701,543.

In his interim report, Mr. W. G. Haydon-Baillie, chairman, says that the group was approaching the end of a long period of consolidation, the aims of which were the reorganisation of the group into new growth areas.

Added to this was the reorganisation into divisional units directed at the analysed requirements of their markets on a five to 10 year view and the final phase of expansion integrated with the existing divisions.

This has led to Dartmeyer Optics, in advanced optical products, and Cook and Perkins, in advanced instrumentation and control field, becoming a co-ordinated force in specialist products for the world-wide markets in the defence, security, nuclear, reprographic, medical equipment and industrial process control fields.

The division in industrial safety and occupational health is developing its twin aims of achieving national coverage and broadening its specialisation over the maximum range of products, the chairman adds.

	1979	1978
Turnover	1,850,000	1,250,000
Profit before tax	341,000	291,000
Tax	128,000	118,000
Net profit	213,000	173,000
Minority interest	18,000	15,000
Attributable	195,000	158,000
Interim dividend	87,500	77,000

Delson shares suspended pending announcement

The shares of Delson, the Birmingham-based unit and bolt manufacturer, were temporarily suspended yesterday at 31p.

A statement said that the listing was suspended at the company's request pending an announcement.

Reflecting a second half recovery the group recently announced profits up from £102,225 to £142,741 for the year ended July 31. In the interim, the group was hit by the engineers' strike and the chairman said he was doubtful if the lost ground could be recovered by the year end.

Thus, the growing capital spending boom in South Africa and the impact of the engineers' strike on banking profits.

Barclays Bank International which has a 60.4 per cent stake in the South African operation, is required to reduce its interest to 50 per cent by July 31, 1980.

Barclays National increase

SOUTH AFRICA'S largest bank, Barclays National, has reported a net tax profit advance to £62.6m for the 15 months to December 31, 1979. On an annual basis, the advance is equivalent to a 36.1 per cent improvement on the £38.6m earned in the year to September 30, 1978.

Consolidated pre-tax profit advanced to £96.9m from £60.2m

EUROPEAN OPTIONS EXCHANGE									
Series	Vol.	Apr	May	June	July	Aug	Sept	Oct	Stock
ABN C	F.310	7	6	—	—	—	—	—	F.299
ABN D	F.320	100	3.90	—	—	—	—	—	F.299
AKZ C	F.25	60	1.70	42	4.20	90	4.60	—	F.24.10
AKZ D	F.27.50	42	0.80	28	1	—	—	—	"
AKZ E	F.30	140	0.50	8	0.60	—	—	—	"
AKZ F	F.32	7	0.70	—	—	—	—	—	"
AKZ G	F.37.50	48	2.80	18	2.80	—	—	—	F.28.04
AKZ H	F.38	8	1.30	—	—	—	—	—	"
AKZ I	F.75	—	—	20	3.80	8	4.80	—	F.71
AKZ J	F.22.80	148	1.70	—	—	42	3.40	—	F.22.50
AKZ K	F.30	1	1.30	—	—	—	—	—	F.22.50
AKZ L	F.70	—	—	15	6	—	—	—	"
AKZ M	F.75	25	1.10	—	—	—	—	—	"
AKZ N	F.80	1	15.50	—	—	—	—	—	F.76
AKZ O	F.80	—	—	10	—	—	—	—	"
AKZ P	F.80	109	2.80	14	4.20	—	—	—	"
AKZ Q	F.80	34	0.80	8	1.40	—	—	—	"
AKZ R	F.80	125	2.80	—	—	—	—	—	"
AKZ S	F.70	13	2.70	5	4.70	—	—	—	"
AKZ T	F.80	8	6.80	51	8	—	—	—	F.17.50
AKZ U	F.125	11	1.10	—	—	—	—	—	"
AKZ V	F.125	11	1.10	—	—	—	—	—	F.11.70
AKZ W	F.800	20	780	1	780	—	—	—	F.81.10
AKZ X	F.800	42	550	—	550	—	—	—	"
AKZ Y	F.800	100	100	—	—	—	—	—	F.22.50
AKZ Z	F.80	15	1.40	—	—	—	—	—	"
AKZ AA	F.80	2	0.40	5	0.80	28	9.10	—	"
AKZ AB	F.80	—	—	50	0.80	—	—	—	"
AKZ AC	F.80	55	0.40	—	—	—	—	—	"
AKZ AD	F.22.80	14	25.80	10	2.30	—	—	—	F.155.70
AKZ AE	F.145	48	31.80	—	25.50	—	—	—	F.155.70
AKZ AF	F.180	440	18.20	118	18.80	78	18	—	"
AKZ AG	F.180	113	11.30	—	10.80	—	—	—	"
AKZ AH	F.140	95	0.20	—	—	—	—	—	"
AKZ AI	F.140	10	0.80	—	2.10	15	3	—	"
AKZ AJ	F.160	394	5.10	48	8.10	—	—	—	"
AKZ AK	F.115	51	5.50	—	—	—	—	—	F.11.80
AKZ AL	F.185	82	5.10	—	—	—	—	—	"
AKZ AM	F.185	2	0.80	—	—	—	—	—	"
AKZ AN	F.80	8	6	—	—	—	—	—	864
BA C	S50	1	17.5	—	—	—	—	—	864
BA D	S50	1	17.5	—	—	—	—	—	864
BA E	S50	1	17.5	—	—	—	—	—	864
BA F	S50	1	17.5	—	—	—	—	—	864
BA G	S50	1	17.5	—	—	—	—	—	864
BA H	S50	1	17.5	—	—	—	—	—	864
BA I	S50	1	17.5	—	—	—	—	—	864
BA J	S50	1	17.5	—	—	—	—	—	864
BA K	S50	1	17.5	—	—	—	—	—	864
BA L	S50	1	17.5	—	—	—	—	—	864
BA M	S50	1	17.5	—	—	—	—	—	864
BA N	S50	1	17.5	—	—	—	—	—	864
BA O	S50	1	17.5	—	—	—	—	—	864
BA P	S50	1	17.5	—	—	—	—	—	864
BA Q	S50	1	17.5	—	—	—	—	—	864
BA R	S50	1	17.5	—	—	—	—	—	864
BA S	S50	1	17.5	—	—	—	—	—	864
BA T	S50	1	17.5	—	—	—	—	—	864
BA U	S50	1	17.5	—	—	—	—	—	864
BA V	S50	1	17.5	—	—	—	—	—	864
BA W	S50	1	17.5	—	—	—	—	—	864
BA X	S50	1	17.5	—	—	—	—	—	864
BA Y	S50	1	17.5	—	—	—	—	—	864
BA Z	S50	1	17.5	—	—	—	—	—	864
BA AA	S50	1	17.5	—	—	—	—	—	864
BA AB	S50	1	17.5	—	—	—	—	—	864
BA AC	S50	1	17.5	—	—	—	—	—	864
BA AD	S50	1	17.5	—	—	—	—	—	864
BA AE	S50	1	17.5	—	—	—	—	—	864
BA AF	S50	1	17.5	—	—	—	—	—	864
BA AG	S50	1	17.5	—	—	—	—	—	864
BA AH	S50	1	17.5	—	—	—	—	—	864
BA AI	S50	1	17.5	—	—	—	—	—	864
BA AJ	S50	1	17.5	—	—	—	—	—	864
BA AK	S50	1	17.5	—	—	—	—	—	864
BA AL	S50	1	17.5	—	—	—	—	—	864
BA AM	S50	1	17.5	—	—	—	—	—	864
BA AN	S50	1	17.5	—	—	—	—	—	864
BA AO	S50	1	17.5	—	—	—	—	—	864
BA AP	S50	1	17.5	—	—	—	—	—	864
BA AQ	S50	1	17.5	—	—	—	—	—	864
BA AR	S50	1	17.5	—	—	—	—	—	864
BA AS	S50	1	17.5	—	—	—	—	—	864
BA AT	S50	1	17.5	—	—	—	—	—	864
BA AU	S50	1	17.5	—	—	—	—	—	864
BA AV	S50	1	17.5	—	—	—	—	—	864
BA AW	S50	1	17.5	—	—	—	—	—	864
BA AX	S50	1	17.5	—	—	—	—	—	864
BA AY	S50	1	17.5	—	—	—	—	—	864
BA AZ	S50	1	17.5	—	—	—	—	—	864
BA BA	S50	1	17.5	—	—	—	—	—	864
BA BB	S50	1	17.5	—	—	—	—	—	864
BA BC	S50	1	17.5	—	—	—	—	—	864
BA BD	S50	1	17.5	—	—	—	—	—	864
BA BE	S50	1	17.5	—	—	—	—	—	864
BA BF	S50	1	17.5	—	—	—	—	—	864
BA BG	S50	1	17.5	—	—	—	—	—	864
BA BH	S50	1	17.5	—	—	—	—	—	864
BA BI	S50	1	17.5	—	—	—	—	—	864
BA BJ	S50	1	17.5	—	—	—	—	—	864
BA BK	S50	1	17.5	—	—	—	—	—	864
BA BL	S50	1	17.5	—	—	—	—	—	864
BA BM	S50	1	17.5	—	—	—	—	—	864
BA BN	S50	1	17.5	—	—	—	—	—	864
BA BO	S50	1	17.5	—	—	—	—	—	864
BA BP	S50	1	17.5	—	—	—	—	—	864
BA BQ	S50	1	17.5	—	—	—	—	—	864
BA BR	S50	1	17.5	—	—	—	—	—	864
BA BS	S50	1	17.5	—	—	—	—	—	864
BA BT	S50	1	17.5	—	—	—	—	—	864
BA BU	S50	1	17.5	—	—	—	—	—	864
BA BV	S50	1	17.5	—	—	—	—	—	864
BA BW	S50	1	17.5	—	—	—	—	—	864
BA BX	S50	1	17.5	—	—	—	—	—	864
BA BY	S50	1	17.5	—	—	—	—	—	864
BA BZ	S50	1	17.5	—	—	—	—	—	864
BA CA	S50	1	17.5	—	—	—	—	—	864
BA CB	S50	1	17.5	—	—	—	—	—	864
BA CC	S50	1	17.5	—	—	—	—	—	864
BA CD	S50	1	17.5	—	—	—	—	—	864
BA CE	S50	1	17.5	—	—	—	—	—	864
BA CF	S50	1	17.5	—	—	—	—	—	864
BA CG	S50	1	17.5	—	—	—	—	—	864
BA CH	S50	1	17.5	—	—	—	—	—	864
BA CI	S50	1	17.5	—	—	—	—	—	864
BA CJ	S50	1	17.5	—	—	—	—	—	864
BA CK	S50	1	17.5	—	—	—	—	—	864
BA CL	S50	1	17.5	—	—	—	—	—	864
BA CM	S50	1	17.5	—	—	—	—	—	864
BA CN	S50	1	17.5	—	—	—	—	—	864
BA CO	S50	1	17.5	—	—	—	—	—	864
BA CP	S50	1	17.5	—	—	—	—	—	864
BA CQ	S50	1	17.5	—	—	—	—	—	864
BA CR	S50	1	17.5	—	—	—	—	—	864
BA CS	S50	1	17.5	—	—	—	—	—	864
BA CT	S50	1	17.5	—	—	—	—	—	864
BA CU	S50	1	17.5	—	—	—	—	—	864
BA CV	S50	1	17.5	—	—	—	—	—	864
BA CW	S50	1	17.5	—	—	—	—	—	864
BA CX	S50	1	17.5	—	—	—	—	—	864
BA CY	S50	1	17.5	—	—	—	—	—	864
BA CZ	S50	1	17.5	—	—	—	—	—	864
BA DA	S50	1	17.5	—	—	—	—	—	864
BA DB	S50	1	17.5	—	—	—	—	—	864
BA DC	S50	1	17.5	—	—	—	—	—	864
BA DD	S50	1	17.5	—	—	—	—	—	864
BA DE	S50	1	17.5	—	—	—	—	—	864
BA DF	S50	1	17.5	—	—	—	—	—	864
BA DG	S50	1	17.5	—	—	—	—	—	864
BA DH	S50	1	17.5	—	—	—	—	—	864
BA DI	S50	1	17.5	—	—	—	—	—	864
BA DJ	S50	1	17.5	—	—	—	—	—	864
BA DK	S50	1	17.5	—	—	—	—	—	864
BA DL	S50	1	17.5	—	—	—	—	—	864
BA DM	S50	1	17.5	—	—	—	—	—	864
BA DN	S50	1	17.5	—	—	—	—	—	864
BA DO	S50	1	17.5	—	—	—	—	—	864
BA DP	S50	1	17.5	—	—	—	—	—	864
BA DQ	S50	1	17.5	—	—	—	—	—	864
BA DR	S50	1	17.5	—	—	—	—	—	864
BA DS	S50	1	17.5	—	—	—	—	—	864
BA DT	S50	1	17.5	—	—	—	—	—	864
BA DU	S50	1	17.5	—	—	—	—	—	864
BA DV	S50	1	17.5	—	—	—	—	—	864
BA DW	S50	1	17.5	—	—	—	—	—	864
BA DX	S50	1	17.5	—	—	—	—	—	864
BA DY	S50	1	17.5	—	—	—	—	—	864
BA DZ	S50	1	17.5	—	—	—	—	—	864
BA EA	S50	1	17.5	—	—	—	—	—	864
BA EB	S50	1	17.5	—	—	—	—	—	864
BA EC	S50	1	17.5	—	—	—</			

SUMMARY OF THE WEEK'S COMPANY NEWS

Take-over bids and deals

The bid battle surrounding Decca heated up considerably last week with both suitors announcing higher bids for the company. Racal's first shot, launched some three weeks ago, valued Decca at \$84.8m and seemed set to go through, but the arrival on the scene of GEC, which pitched in with an offer of \$82.5m for the group, altered the complexion of the situation. Racal came back on Thursday with a share exchange offer which, with Decca shares at 218p, valued the Decca equity at \$83.4m, but GEC followed by bidding \$91.9m cash in the form of 550p per Decca ordinary and 480p per "A" share. GEC's latest bid is backed by an offer in GEC Convertible Loan stock, valuing the shares at 555p and 480p respectively.

Elsewhere in the Bids and Deals sector, dealings in the shares of Henry Norrington, the agricultural engineer, were suspended on Monday at 15p following approaches to the company which may lead to an offer.

On the international scene, Glaxo Australia, a subsidiary of Glaxo, is making a \$100 per share cash offer for pharmaceutical concerns F. H. Faulding, valuing the latter at A\$15m (\$7.27m).

Company bid for	Value of bid per share** price**	Price before bid	Value of bid per share** price**	Bidder	Final Acct'd date
Armitage Shanks	101	101	55	31.82	Blo Circle 21/2
Bowring (C. T.)	162	134	141	177.3	Marsh and McLennan
Dawson Day	60*	59	47	16.6	Home Hldgs.

Company bid for	Value of bid per share** price**	Price before bid	Value of bid per share** price**	Bidder	Final Acct'd date
Decca	550*	580	550	36.99	GEC
Decca 'A'	450*	440	425	52.12	GEC
Decca	550*	580	355	38.00	Racal
Decca 'A'	450*	440	320	45.01	Racal
Dolot Tea	270*	280	215	0.29	Tate & Lyle
Empire Plant	145	123	95	161.18	Thorn Elect.
FPA Const. 11	24*	23*	194	0.80	Caparo Ints.
Nationwide Leisure	15*	15	18	1.23	Heywood Williams
Royce	8*	5*	9	0.66	Rantledge
Scottish Homes	45*	44	41	5.00	Bonnerpark
Shakespeare (J.)	308*	26	154	2.32	Wessex
Stanley (B.)	630*	625	615	67.31	Eagle Star
Wardle (E.)	33*	34	28*	4.15	Birmd & Mid.
West of England Trust	92	85	76	14.4	Counties Tst. Globe Invest.

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Combined market capitalisation. ** Based on 8/2/80. †† At suspension. ††† Estimated. §§ Shares and cash. †††† Unconditional.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)	Earnings per share (p)	Dividends per share (p)
Aaronson Bros.	Sept.	4,010	(3,468)	11.3 (11.9)
Assoc. Fisheries	Sept.	2,190	(2,375)	7.7 (—)
Beaumont Props.	Sept.	1,270	(1,120)	5.3 (4.5)
Lonrho	Sept.	84,000	(82,640)	19.7 (24.3)
Plastic Const.	Sept.	414	(482)	4.1 (4.6)
Scott. Agriculture	Dec.	5,713	(4,118)	38.9 (35.6)
Westminster Props.	Sept.	125	(27)	0.8 (—)
Williamson Tea	June†	3,400†	(7,640)	28.5 (75.5)

Scrip Issues

Reo Stakis: One for two.

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)	Interim dividends per share (p)
Benn Brothers	Dec.	488	(370)
Carrington Inv.	Sept.	30	(43)
Crouch Group	Sept.	356	(289)
Dowry Group	Sept.	17,390	(14,130)
Hillards	Nov.	1,340	(1,180)
ML Holdings	Sept.	374	(303)
Mining Supplies	Oct.	551	(1,220)
Monsieigh Grp.	Oct.	235	(160)
Ransom (Wm.)	Sept.	230	(258)
Single Holdings	Sept.	565	(99)
Smith Brothers	Nov.	522L	(223)
Steinberg Group	Sept.	194	(260)
UDT	Dec.	7,900	(5,500)
Unitfab	Dec.	1,990	(1,410)
Vibropant Hldgs.	Sept.	2,100	(1,500)
Whitworth Elec.	Sept.	169	(164)

(Figures in parentheses are for corresponding period.)

Dividends shown net except where otherwise stated. * Adjusted for any intervening scrip issue. † 18 months to June 1979. ‡ For 18 months. † Already been paid. L Loss.

Offers for sale, placings and introductions

Berkeley Exploration and Production: Offer for sale of 3m ordinary 15p shares with initial price of 50p with a further call of 50p later.

RENEWED OPTIMISM OVER MICROELECTRONIC CAPABILITY

Plessey's solid-state push

BY GUY DE JONQUIERES

UNLESS Britain keeps right up-to-date on silicon technology, it will be finished as an industrial nation. The technology of solid-state physics is the spearhead of progress... said Sir John Clark, Plessey's chairman, in the company's 1979-80 report and accounts.

Such a resounding expression of commitment sounds, to say the least, ironic from the chairman of a company which until recently had unconcealed doubts about its own ability to remain a significant force in making and marketing solid-state components.

Plessey has, indeed, spent much time and energy over the past three years, trying to interest other organisations in sharing—or taking over, completely—the burden of its micro-electronic activities.

At various times, it held talks with Ferranti, GEC, General Instrument of the U.S., the National Enterprise Board and the Department of Industry. None of these discussions bore fruit. But as late as last June Sir John, apparently undeterred, was still saying publicly that he was looking for a partner. Unless he found one, Plessey might be unable to continue manufacturing integrated circuits for the open market.

Last week, however, in an abrupt change of tack, the company announced that it was reorganising its micro-electronics operations into a new solid-state division to be headed by Dr. Melvyn Larkin, former chairman of Motorola (UK).

It said that the move, bringing together Plessey Semiconductors and Plessey Optoelectronics and Microwave, meant that "we are here to stay and grow."

It also announced that it was linking up with Andersen Laboratories in Bloomfield, Connecticut, in the research, development and manufacture of advanced signal processing devices for defence and tele-



Sir John Clark



Dr. Melvyn Larkin

communication applications. The two companies have set up a joint subsidiary, Signal Technology, which will draw on their combined expertise in surface acoustic wave (SAW) filters.

Behind these moves, apparently, lies a growing optimism among Plessey management that the company has turned the corner after a period of financial difficulty, and is strong enough to consider making the big investments needed to acquire and keep a lead in advanced micro-electronic technology.

Plessey has an excellent record in the research and development of solid-state devices for specialised applications.

But in the past it has been forced either to delay or to drop several promising projects at a relatively late stage of development, because it felt that it could not afford the heavy costs of manufacturing and marketing them.

One such victim was a venture into bubble memories—a technology for high-density data

storage which could one day replace disc systems as the main form of back-up memory for computers.

At one point, Plessey was believed to be ahead of its main competitors, but the lead was lost in delays and the project was effectively shelved.

Dr. Larkin, who moved to Plessey last June, seems satisfied that the new solid-state division will get the support it needs. Without mentioning any sums, he says he has received a commitment to future expansion, provided he can demonstrate to the Board that it will yield a satisfactory rate of return.

He believes that the market for semi-conductor products in which Plessey has expertise has grown to the point where the company can be assured of the production volume required to justify such an investment.

"Two to three years ago Plessey was below that threshold. Now it is above it," Dr. Larkin expects the solid-state division to develop its products with an eye to the

needs of other branches of Plessey, although these will be under no obligation to purchase in-house.

At the same time, he plans to pursue an aggressive policy of sales to the open market which, he forecasts, will absorb roughly three-quarters of the division's production.

He is convinced, however, that Plessey should not attempt large-volume production of general-purpose integrated circuits of the kind undertaken by companies like Texas Instruments, Intel and Motorola.

Instead, he believes that the future lies in supplying package systems which meet specialised requirements, particularly in the defence and communications fields.

Here Plessey's expertise in designing interfaces, which permit different circuits and devices to be connected together—will be an important asset. It is already being used in the development of microwave integrated circuits and microwave transmission using optical fibre.

This means converting electrical signals into light signals, which are then carried along a thin transparent strand and turned back into electrical signals at the other end. The solid-state division is also working on advanced infra-red emitters and ultra-rapid micro-circuits employing gallium arsenide technology. In addition, it will act as Plessey's main link with the work which Signal Technology will be doing on SAW filters.

As a former employee of an important U.S. semi-conductor company, Dr. Larkin is in a good position to assess the relative strengths of the industry on both sides of the Atlantic.

His prognosis for Plessey is positive: "I believe that if the conditions are right the UK can attain the same levels of productivity and competitiveness as the U.S."

APPOINTMENTS

Material Recovery chairman



Mr. Peter Cook

Mr. Peter M. K. Cook has been appointed chairman of MATERIAL RECOVERY, the company set up by Metal Box, the British Steel Corporation and Batchelor Robinson to recycle in cans from domestic refuse. He is chief executive, detaching operations of Batchelor Robinson. Mr. David B. M. Cook has joined the Board of Material Recovery as director, non-executive. Batchelor Robinson is projects director of Batchelor Robinson Metals and Chemicals.

Mr. Dermot J. Gleeson has been appointed by the MIDLAND BANK GROUP as representative to head its new EEC office in Brussels. Mr. Tom Norman, Conservative MP for Chichester and member of the European Parliament for Chichester East, has been made a consultant, the new office of the Midland Bank Group.

LLOYDS BANK has appointed three new chief managers in its overseas divisions. They are Mr. P. Hisham, Mr. J. W. Boller (operations) and Mr. R. C. Frost (foreign exchange).

Mr. Eric Hannan has been appointed a director of LEOPOLD JOSEPH AND SONS.

Mr. Michael Tapper has been appointed group shipping manager to the BARCLAYS GROUP OF BANKS, succeeding Mr. Peter Cox, who has retired.

Mr. J. F. McLellan is to be chairman of BROWNLEE AND COMPANY from March 1 and Mr. A. M. Nicol will become deputy chairman and managing director. Mr. P. A. Barnes-Graham is to resign as chairman at the end of this month but will remain on the Board as a non-executive director.

Mr. George Porritt, managing director of Allen-Bradley International, has been appointed a non-executive director of VICTOR PRODUCTS (WALLSEND).

Mr. Raymond L. Entwistle has been appointed to the Board of LEIGH AND SILLAVAN GROUP and continues as managing director of its subsidiary, Colin Stewart Minerals.

Mr. Roderick McLeod, senior managing director of the Ben Line Steamers, is to be a part-time member of the BRITISH RAILWAYS BOARD from June 3. He will succeed Lord Taylor of Gryfe as representative of Scottish interests on the Board. Mr. Peter Scott, a director of Sir Robert McAlpine and Sons, has been made a part-time member of the Board of the NATIONAL FREIGHT CORPORATION.

Mr. G. L. Law has been appointed a director, Mr. W. H. Proby, a director and chief executive, and Mr. R. G. Bowen, an assistant director, of MWP INCENTIVES. Mr. A. S. Minns relinquishes his position as chief executive and returns to Morgan Grenfell and Co. as a senior assistant director.

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Bowwater group executive

Mr. Malcolm J. Macpherson, has been appointed managing director of BOWATER DRUMS. Mr. Macpherson has been with the Bowater Organisation some ten years. After six years with Bowater Containers he spent three years in the Middle East with Bowater Export and returned to the UK last year to take up the post of director of finance for Bowater Industrial Packaging.

Mr. Alan Watson has been appointed chief executive and managing director of CHARLES BARKER CITY. Mr. Christopher Greening is now vice-chairman and creative director and Mr. Don Kennedy and Mr. Alan Bayley assistant managing directors.

Mr. Frank Ledger has been appointed to the new post of director of computing to the CENTRAL ELECTRICITY GENERATING BOARD.

Mr. John Flood, deputy general secretary of the Union of Shop Distributive and Allied Workers, has been appointed a member of the POTATO MARKETING BOARD for three years.

Mr. Bernard J. Kingham has been appointed managing director of the CLASSIC CINEMAS, a member company of Associated Communications.

Mr. David Brown, group manager Scotland for Save and Prosper Group, has been appointed a director of SCOTIUS SECURITIES, its Scottish Unit Trust Management subsidiary. He remains responsible for the group's investment administration which has recently been computerised on a new system designed in Edinburgh.

Mr. E. E. Burns, a major board director of MATTHEW HALL AND CO has resigned his directorships with the group to set up in business as a consulting engineer. He will continue to act for Matthew Hall at least until June of this year, which would have been his normal retirement date.

GRAY MACKENZIE AND CO. has made the following Board changes from April 1: Mr. J. M. Sim, to be non-executive deputy chairman; Sir Rae McKelg, will

be executive deputy chairman and chief executive, and Mr. J. W. Bole is to be managing director in succession to Mr. W. D. D. Orde. Mr. A. A. Macpherson, at present director Bahrain, will have the additional post of chief executive Gulf. Mr. Orde will be relinquishing his executive responsibilities as managing director, but will remain on the Board until October 31.

SCOTTISH PROVIDENT INSTITUTION states that the head office structure has been reorganised into five divisions. Each under the control of the deputy general manager or one of the assistant general managers. Mr. J. M. MacLaren has been appointed deputy general manager and actuary. Mr. C. M. Dobson has been appointed (investment), Mr. P. W. Ballough assistant general manager (marketing), Mr. W. A. B. Scott, assistant general manager and secretary and Mr. H. W. Gillon, assistant general manager and pensions manager. Mr. K. W. Inglis has been appointed investment manager, Mr. J. E. Paterson joint investment secretary, Mr. J. H. R. Thom and Mr. D. G. Robinson senior assistant actuaries, Mr. C. A. D. Smith and Mr. D. J. Moore joint pensions secretaries.

Mr. Eugene Greppi has succeeded Mr. Henri Lemaire as secretary-general of the EUROPEAN INVESTMENT BANK. Mr. Lemaire who has reached retirement age, will remain with the bank as a special adviser to the management committee.

SUN ALLIANCE INSURANCE GROUP has appointed Mr. F. B. Nicholas as assistant general manager, finance division. Mr. G. E. Browne chief investment manager, and Mr. I. M. Trotter, investment manager.

Mr. Michael Delahouke has been appointed commercial director of WATNEY MANN AND TRUMAN BREWERIES. For the past three years Mr. Delahouke has been managing director of Watney Mann National Sales and Mr. Peter Coleman, sales director of Tube Investments, Mr. Esmond Bulmer, Conservative MP for Kidderminster, and director of long range planning of HP Bulmer Holdings, has become deputy chairman of that company.

Mr. Roy Beatt is to become director of production in the South Western Region of the CENTRAL ELECTRICITY GENERATING BOARD on March 1 to succeed Mr. Derrick Harrison, who has joined the Electricity Council as industrial relations adviser.

Mr. Laurie Keys has become managing director of MANLEY RATCLIFFE and Mr. Bruce Thomas has been appointed commercial director.

Mr. T. E. Barnsley has been appointed a non-executive director of HP BULMER HOLDINGS. He is a group managing director of Tube Investments, Mr. Esmond Bulmer, Conservative MP for Kidderminster, and director of long range planning of HP Bulmer Holdings, has become deputy chairman of that company.

Extra plans prolong lakes probe

THE CONTROVERSIAL Two Lakes Inquiry in Whitehaven looks like becoming one of the longest inquiries in English history.

Mr. Dennis Komlosy, the Department of the Environment Inspector, announced yesterday that the proceedings will continue into May.

The inquiry, which began on January 15, is looking into two much-opposed schemes to raise the levels of Ennerdale and Wastwater in the Lake District.

The North West Water Authority wants more water from industrial West Cumbria and proposes to take it from Ennerdale. British Nuclear Fuels has a similar plan for Wastwater to meet its requirements at Windscale nuclear plant.

The expected finishing date would now be early May, and a further week would be taken up with visits to the sites involved. Britain's longest public inquiry, lasting 100 days, was into expansion plans at Windscale.

BA to run vans on gas

BRITISH AIRWAYS is to convert several hundred of its light commercial vehicles to run on propane gas—which is half the cost of petrol.

Mr. Richard Hatfield, BA's transport chief, said yesterday the conversions would cost up to £300 per vehicle. "But the long-term savings in fuel bills could be quite extensive."

Higher tax charges urged for foreign-made company cars

BY JOHN GRIFFITHS

HIGHER TAX charges on company car benefits should be introduced immediately on foreign cars, but phased in over three or four years on British vehicles, Mr. Tony Christopher, general secretary of the Inland Revenue Staff Association, argues in this month's Inland Revenue Staff Journal.

Document issued after last year's Budget suggested that the taxable benefit assessment for a "typical" 1800 cc company car also used privately would rise from £295 to £650. But Mr. Christopher estimates that the

true value of a company car to its driver ranges from as low as £1,200 a year to £4,200 on a car costing £10,000.

He calls such subsidies "monstrously unfair" to the majority of taxpayers, and argues: "Increasingly this subsidy is going not to British manufacturers, but overseas."

"We are crazy to subsidise Mercedes and BMW while Jaguars and Rovers stand in abeyance."

Apart from raising the level of benefit under which employees using company cars privately are assessed, the con-

sultative document suggested abolishing the £8,500 annual earnings threshold, beneath which tax is not paid.

While agreeing there should be a movement towards taxing benefits at the "realistic" level, organisations such as the Confederation of British Industry and Engineering Employers' Federation have urged that cars should not be singled out for attack. Any changes should be phased in gradually to allow time for both employees and the car industry to adjust—70 per cent of car purchases are made by companies.

Elderly need extra cash for food, says survey

BY ROBIN PAULEY

CLOTHING, FOOD and heating are the main needs for elderly people who feel unable to make ends meet according to a survey published by Age Concern.

The survey found that 57 per cent of people over 75 regarded their economic situation as satisfactory. Of the 43 per cent who were "unable to live in reasonable comfort without money worries," three-quarters named heating, food or clothing as the main problem.

The majority—67 per cent—felt their chances of getting the money in the next year or two (at the time of the initial survey in 1977) was nil and a further 12 per cent rate them as slight. The most optimistic 2 per cent thought the chances were fair.

When the question was put differently to identify items

which had been wanted in the past year but had been done without because of lack of money the same three categories appeared with a fourth—a holiday—accounting for a deprivation felt by 18 per cent.

On the other hand, only 7 per cent of all those questioned felt unable to make ends meet. For nearly 90 per cent a state pension was the main source of income. But 88 per cent had a secondary source of income, mainly interest and dividend from investment (30 per cent).

Only 80 per cent felt the present source of income gave them security for the future. Those lacking this confidence were most frequently those living with a spouse or children.

Beyond Three Score and Ten, Age Concern, £2.50.

The Winterbottom Trust Ltd.

Summary of Results for year to 30th November	1979	1978
Total Net Assets at Market Value.....	£14,815,847	£15,536,556
Ordinary Shares:		
Asset Value.....	269.3p	253.7p
Earnings.....	7.73p	5.69p
Dividend.....	7.50p	5.60p
Geographical Distribution of Investments		
Equities: United Kingdom.....	45.8	48.2
United States.....	34.3	32.4
Japan & S.E. Asia.....	5.1	4.3
Other Countries.....	7.2	1.7
Total Equities.....	92.4	86.6
Fixed Interest Stocks.....	7.9	11.9
Deposits and Net Current Assets.....	(0.3)	1.5

Excerpts from the Statement by the Chairman, Mr. S. A. Field

● Earnings per share rose by 36%, to 7.73p including 0.52p in respect of special dividends declared but withheld during the period of dividend restriction. The Directors recommend an increase in total dividend from 5.60p to 7.50p.

● The asset value per share rose by 6% compared with a rise of 4% in the U.K. all-share index and with a fall in Sterling terms of 26% in the corresponding U.S. index.

● The year's activities included sales of Premium currency, replaced by a further loan; the repayment of eligible loans with spot currency after the relaxation of exchange controls; purchases of gold shares; and additions to the holdings of Deutschmark Bonds.

● While we cannot expect an increase in earnings on the scale achieved for last year, there is reason to hope that in 1980 earnings per share will sufficiently exceed the figure of 7.73p achieved in 1979 to permit a further material increase in the dividend.

Copies of the Annual Report may be obtained from

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BOOKS

Success of Sickert

BY PETER QUENNELL

The Camden Town Group
by Wendy Baron. Scolar Press,
£35.00, 405 pages

In 1906 Walter Sickert, then a bold middle-aged adventurer, decided he would leave Dieppe, where for the last seven years, besides the architecture of the port, he had been painting brass bedsteads, with his mistress Madame Villain, queen of the local fish-market, negligently disposed across the sheets. William Rothenstein's friendship recalled him, and the charm of London townscapes. But the part of London he intended to depict was not the romantic river-bank that Whistler loved. His old master's taste, he now considered, was far too poetic and refined: and taste, he declared, was

"the death of a painter. He has all his work cut out for him, observing and recording. His poetry is the interpretation of ready-made life."

And later:
"the more our art is serious, the more it will tend to avoid the drawing-room and stick to the kitchen. The plastic arts are gross arts, dealing joyously with gross material facts."

Thus he shunned Chelsea, Belgrave and Mayfair, and concentrated his attention on the shabby districts that lie north of Fitzroy Square. Himself so appreciated squalid surroundings, he preferred to work

Rothenstein noted, in "the dreariest and most forbidding rooms"; and, transferred from Dieppe, his brass bedsteads were immediately set up again in Camden Town. There he associated them with the horrid story of the Camden Town Murder, or with some domestic problem of his own invention, and labelled the resultant picture "What shall we do for the Rent?"

Sickert also determined, if not to found a school, to establish a creative coterie, through whose exhibitions "work of a modern character" would reach the educated British public. The Fitzroy Group, launched in 1907, was followed in 1911 by the Camden Town Group, for which Sickert provided the name, "averring that that district had been so watered with his tears that something important must sooner or later spring from its soil." All his original associations were to some extent under Sickert's mastery: influence, but, as the groups developed, a number of artists joined them—Augustus John, Wyndham Lewis and Sickert's hétéroclite, Jacob Epstein—who largely disregarded it and chose to take a separate road.

For Sickert "the main significance" of these two associations "was that they served to channel his enormous energies towards a worthwhile cause and satisfied his real psychological need to teach and direct his juniors"; and when, in 1914, he abandoned his third and last

co-operative, the London Group, he felt he must give up the struggle.

Dr. Wendy Baron's finely illustrated monograph covers the whole field of Sickert's disinterested projects between 1906 and the outbreak of the World War; and, although perhaps it may be a little too voluminous and, no doubt, somewhat too costly to suit the average General Reader—it contains just over 400 pages and, as well as an introductory essay, maps of the Camden Town neighbourhood, a series of biographical notes, a catalogue of plates and a "check-list" of oils in public collections—it is an impressive piece of scholarship. She manages to persuade us, despite the complexity of her subject-matter and the striking diversity of Sickert's associates, that there was indeed a Camden Town movement, which held perfectly definite ideas.

They were "Intimistia," like Villard and Bonnard, the French artists they particularly admired, and believed that, to excel, a picture need not be spacious or ambitious, but, on a small and quiet scale, should give "an objective record of aspects of urban life in a basically Impressionist-derived handling." The best exponents of the theory, apart from Sickert himself, were Harold Gilman, Spencer Gore, Lucien Pissarro (offspring of the famous Camille), Charles Ginner, Walter Bayes and



"Sally"—an etching by Sickert

James Mansoo; and their impressions of the London they knew, streets and gardens, beds, rooms, barbers, suburbs, railway stations, are often evocative and moving.

Among the least familiar is Maxwell Lightfoot, author of the beautiful and mysterious "Boy with a Hoop," a portrait of his landlord's son Frank, reproduced on page 263. One wishes that one knew more of him. He committed suicide at the age of 25, and seems to have left behind him few memories, only a rather depressing "Mother and Child" and that sledge haunting canvas. But Dr. Baron has interviewed Frank's daughter, who still lives at the same house, and who remembers how, after Lightfoot's tragic death, "That Mr. Lightfoot" her family would exclaim if they heard a distant noise above stairs.

Shelley's guru BY C. P. SNOW

A Fantasy of Reason: The Life and Thought of William Godwin
by Don Locke. Routledge and Kegan Paul, £18.50, 398 pages

To the radical young of the 1790s, William Godwin, getting on for 40, was the great intellectual guru, a kind of Marcuse, Illich, Sartre, rolled into one, and more famous in his own society than any of them in our day.

"Nothing is so easily proved," he wrote, "as that the human mind is pure and spotless, as it came from the hands of God, and that the veins of which you complain have their real source in those shallow and contemptible precautions that you pretend to employ against them."

Human beings were perfectible. Easily so, once you accepted the gospel that institutions did all the evil. Change the environment, abolish the institutions, and all would be well.

Does that remind us of modern gospels, of counter-culture, of present cultures, all the prescriptions for today's Utopias? It ought to, for those benign dreams go on recurring. Godwin would have been a hero in the California of the 1960s.

In his own time, Political Justice was read by optimistic intellectuals as revealed truth. He was a very good writer, in a language of admirable confidence and clarity. (Later, when he was qualified his opinions, the language became tangled and ornate.) He had considerable originality as a novelist. *Caleb Williams* is worth looking at today.

His fame, though, didn't last long, and he outlived it by many years. He went out of fashion with singular speed, much faster than persons who shared his silliness and weren't half as clever. That is one of the oddities which Don Locke studies in this new and sympathetic biography. Locke is an academic philosopher. He is also a patient and detached student of human behaviour. This is his first biography, and it proves that, if he feels restless, he has the talent for a new career.

He reveals a good deal about Godwin's life. One of the troubles was that he wasn't an impressive personality. To read, he was strong and incisive. To meet, he didn't suggest anything of the kind. He was physically insignificant and confronted by the guru many people found him dim. That was unimpressive. Under that apparently ineffectual exterior, there was plenty of appetite for mastery, success, above all for being loved. But it took some seeing.

Perhaps it didn't help that, after a meal, he had a persistent habit of immediately going to sleep for an hour or two. And yet he was obsessively argumentative, pertinacious in getting his way, certain of his deserts, and his close connections gradually discovered, totally shameless about getting them.

The pleasantest feature of his life was his genuine love for Mary Wollstonecraft, his first wife, and his loyalty to Mary Claremont, his second. Mary Claremont was the mother of Byron's Claire, whose real Christian name was Jane. Mary Claremont was a woman of ability and very strong will, but

everyone except Godwin detested her. Mary Wollstonecraft, on the other hand, was generally liked. She must have been a strain to live with, her emotions running wild, but she had the appeal of someone authentically exposed to life. Godwin married her when he was over forty, and discovered, not only the pleasures of the sexual existence, but also what it was like to be close to another human being. When she died after the birth of their first child he was stripped of all the pretences of reason, and knew human, simple grief, his account of which is starkly moving.

With his second wife he went through long years of obscurity and poverty, trying to make a living as a bookseller and a publisher of children's books. Here is another of the problems of his life. Were they really so poor? It appears certain—Professor Locke has made scrupulous use of the sources—that Godwin was an indefatigable and un-pun-offable sponge. It was here that he was at his most shameless. He felt it was due to others to supply his needs. That was owed to him by his friends, his acquaintances (he had an acute sponge's eye for a useful prosperous person, which is why he solicited the young Shelley), society, life itself. He didn't bear ill feeling when prospective victims turned him down. It didn't affect his personal relations whether they paid up or not—which shows the coolness of his temperament.

It isn't easy for us today to unravel early nineteenth century money dealings, and it often seems that it wasn't easy for the participants either. But it does look as though Godwin collected in loans, year in, year



Godwin: prophet and sponge

out, something like £400 a year, and that his income from all sources, while protesting indigence, was well over £1,000 a year. In the 1820s that would have been substantial for a successful professional man. Just study the incomes of Trollope's characters a generation later.

Godwin himself went on living with bare frugality. Shelley, one of his major victims when his son-in-law, cried out in desperation—where does all that money go? No one knew. In a sense, it wasn't unjust that Godwin should be supported. He had talent, immense industry and application up to the age of 80. He had had plenty of bad luck. He deserved to have enough money to keep him in his old age. Still, one wishes that he had come by it in some other way.

Home fires still burning BY BRIAN AGER

Dear Old Blighty
by E. S. Turner, Michael Joseph,
£7.95, 228 pages

It was "the war to end all wars": the great patriotic struggle against the pretensions of the German Empire. It was also the war which cost Britain vast numbers of its natural leaders, and a turning-point in history.

But what was it like in Britain in 1914-18? Some of the answers which E. S. Turner produces will surprise many who have only read of the great battles.

There were strikes, there was a whiff of revolution, and there was controversy about many side issues. Conscientious objectors were not the only targets for the country's indignation. Anyone with the suspicion of a foreign accent or a foreign-sounding name was liable to be hounded as a spy. There was concern, particularly among the clergy and the Press, over the decline of sexual morals. There was contempt for the food hoarders and profiteers, with ridicule being poured on the new order of chivalry which some suggested should be called the "Most

Unnecessary" Order of the British Empire. Those who suffered did so with a remarkable stoicism and mothers with sons at the Front went through agony every time they saw a telegram boy near their homes. The telegram they dreaded was one which read bluntly: "Deeply regret to inform you that was killed in action on Lord. Kitchener expresses his sympathy."

Many of the bereaved sought comfort from mediums. One of these psychic comforters said that whisky and sodas were available in heaven for the newly arrived influx.

But one person who did not have a Scotch between April 1915 and the end of the war was King George V. His pledge to forswear alcohol for the duration was an example which few followed. In fact drunkenness was seen as a threat to the war effort and as a result publichouses ceased to be open from dawn till midnight.

Mr. Turner presents a picture of a country divided on almost every issue except the hatred of the Hun. But it was also a country where many managed to live near normal lives—in spite of the rumble of the Flanders guns.

Fabians sum Jim's lot up BY PETER RIDDELL

Labour and Equality: a Fabian Study of Labour in Power 1974-79
edited by Nick Bosanquet and Peter Townsend. Heinemann Educational Books, £8.75 (£4.50 paperback), 312 pages

After each Labour Government since the war the Fabian Society has produced a collection of essays about what went right (but mainly wrong) and how the performance can be improved next time. For a Society dedicated to the principle of the inevitability of gradualism its members seem to be distinctly impatient with the pace of history.

Nearly 30 years ago the *New Fabian Essays* (with contributors including Anthony Crosland, Richard Crossman, Denis Healey and Roy Jenkins) concluded that "the chief failure of the Attlee Government was not to move faster and further towards the ideal of equality—the quality which differentiates Socialism from both Conservatism and Liberalism."

The same lament was taken up 20 years later in *Labour and Inequality* and a decade further on it forms the main theme of *Labour and Equality* (both the recent volumes edited by

Nick Bosanquet of the City University and Peter Townsend of Essex University).

There is no agreed line in the new volume but the two editors conclude that even though Labour governments have been in office for 11 of the last 16 years "the results must be considered disappointing."

The latest collection contains some of the most detailed analysis yet produced about the record of the last Government—particularly telling in its comments about the sense of drift in some areas after 1975-76 and the absence of an economic and social strategy other than a desire simply to survive. And a few at least of the authors (notably Nick Bosanquet, David Plachaud and Vincent Cable) do admit there were some positive achievements.

Yet there is a curious unreality about several of the essays. It is sometimes difficult to believe that their authors actually lived through the oil price shock of the mid-1970s and the period of recession and rapid inflation. For all their expertise as directors of pressure groups or special advisers some of the authors appear to have a blinkered view of the world in which they operate.

This is true even of the specifically economic contributions, again with the exception of Nick Bosanquet who concedes that

public spending had to be restrained in the mid-1970s, though not later. In contrast, Professor Peter Townsend, for all his fame as a chronicler of poverty, hardly recognises these broader economic problems and constraints. He is worried that decision-making is concerned solely with costs rather than the need for services, and he ignores the fact that the money has to come from somewhere.

Many of the essays reflect a dual divorce in thinking—on the one hand, from ministers and those facing the constraints of power and, on the other hand, from actual Labour supporters, voters and taxpayers. In both respects the attitudes highlight the current dilemma for the Labour Party. Paul Ormerod, with his condemnation of the failure of the "social democratic approach of gradualism and indirect controls", and his support for a "more planned economy" is not talking the same language as Denis Healey or those who had to run economic policy. There is an all too obvious danger of a narrow orthodoxy of the Left which rejects out of hand most, if not all, of the work of the last Government. Holders of these views are often not capable of recognising that more public spending is not automatically the same as more welfare and that a belief

in markets, the price mechanism and monetary control is not incompatible with social democratic ideals.

Too many of the essays reflect a long-standing Fabian belief that the authors know what is best for the rest of us. In Callaghan, and Denis Healey were nearer the mark in 1978-1979 when they argued that many ordinary Labour voters probably preferred tax cuts to more public spending. The issue was raised by the late Anthony Crosland nearly 30 years ago.

"The redistribution of tax payers' income has now gone so far that any large-scale social services would fall to be paid for not by the rich but by the broad mass of the population in other words by the acceptances of the new services. Thus no redistributive effect between rich and poor would be achieved. Socialists would be quite wrong to think that the essence of Socialism lay in the indefinite expansion of free services. A point will come when, unless specific redistribution of income is desired (for example, towards large families) the liberty of the citizen to spend his extra income as he pleases must also be regarded."

Most, though not all, of the latest essays have yet to ask, let alone answer, the question raised by Crosland.

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Blindfolds off

BY REX WINSBURY

History's Carnival
by Leonid Plyusch. Collins,
£8.50, 429 pages

I remember going on a student tour to the Soviet Union in the late 1950s that took us, among other places, to Odessa. Being one of the few Russian speakers on the tour (which was strictly non-political, at least on our side) I fell into conversation with a group of students waiting outside the hotel one morning, clearly enough for that very purpose. One was a girl student whom I met several times again in the evenings. She taught me Russian political versions of American jazz songs, and a brief but fundamentally innocent affair ensued. I wondered in several times why, as we sat cuddling in the bushes along the sea front, she glanced nervously around. I soon found out. Troops of local vigilantes, escorted by police or soldiers, came round changing couples out of their trysting places and taking their names and addresses.

I now discover that it might have been Leonid Plyusch, self-confessed krig and member of the Young Communist morality brigades in Odessa at that time, who dug us out of the bushes. While I cannot claim credit for his subsequent change of attitude to sex, and still less for his subsequent change of attitude to politics, I can at least praise his conversion, his book, and above all his courage. There have, alas, been all too many brave Soviet dissidents, only a fraction of whom have lived to tell their tale in writing. But those who have, bear testimony to the rest, and if the gigantic figure of Solzhenitsyn overshadows them all, it should not obscure the specific merits of

Plyusch's terrible pilgrimage from internal to external exile.

For if Solzhenitsyn wrote the definitive *Cancer Ward* about his experience in a medical hospital, Plyusch has written a scarcely less definitive account of dissidents in a mental hospital, detailing (along with the parallel account by his wife, also included in this book) the pain, degradation, deformity and derangement of people subjected to massive doses of crude drugs like sulphur for no other reason than heterodox political opinions.

This is no place to get into the otherwise quite legitimate debate about how far Russian doctors and psychiatrists, even Russian policemen, genuinely believe that dissidents must be mad. Plyusch hints that in certain cases he accepts this view. Whether the doctors were cynical or sincere, the society which produces them is still inexorably intolerant (not least in view of its own achievements) and it may be that only a man with a streak of fanaticism that Plyusch displays throughout, could attack the system with such determination.

He was of course lucky in one respect. By the time of his arrest he was already a well-known figure internationally, in mathematical circles at least, for work on mathematical modelling of biological and telepathic processes that I do not begin to understand.

This absorbing book, written in direct unvarnished prose that leaves events to speak all too plainly for themselves, is also a vivid and personal picture of growing up in the Ukraine in the post-war years, as an intelligent party activist whose educational attainments and Ukrainian nationality gradually began to strip the party blindfolds from his eyes.

Down she went

BY JAMES FRENCH

The Titanic: End of a Dream
by Wyn Craig Wade. Weidenfeld and Nicolson, £7.95, 398 pages

The story of the sinking of the "unsinkable" Titanic, on its maiden voyage in 1912 is one of the greatest dramas of the sea, and has launched a fleet of books. Joseph Conrad wrote about it. The focus of Mr. Wyn Craig Wade's book is the United States inquiry led by Senator William Alden Smith. Mr. Deeds who really went to town.

Its publication is well-timed, since interest in the disaster caused by an iceberg and human folly, which cost 1,522 lives and ruined others, will be re-aroused by this year's efforts, supported by the BBC and the U.S. National Geographic Society, to photograph Titanic more than two miles down and to assess the prospects of raising her. Past plans for bringing up the mighty hulk have included the use of table-tennis balls and helium balloons.

Senator Smith, a meritorious maverick, made the British angry by refusing to release the crew, survivors, and team Bruce Ismay, chairman of the White Star Line, who was rescued, until the Senator had their full testimony at the long-winded inquiry. This lawyer from Grand Rapids, Michigan, was cursed, independent, and a tireless pursuer of the truth.

Titanic, hulked by Harland and Wolff of Belfast, was the Concord of its day—a British steamship when transatlantic competition had reached manic level. It would have given the rich a posher, faster trip than its rivals, but was a dubious commercial proposition.

The harsh truth, revealed by the Smith inquiry, included exposure of the weakness of British Board of Trade regulations; insufficient lifeboats, with a scratch crew insufficiently drilled in using what boats there were; no binoculars for the look-outs. And the mighty ship sailed blandly and almost blindly at full speed into iceberg-infested seas off Newfoundland.

The British Press reviled Senator Smith for his treatment of the British witnesses and his ignorance of nautical matters, but this thick-skinned, hick hero forced through a wealth of safety legislation, including a sensible southward shift of the Transatlantic sea-lanes. He retired from politics in 1919 and drifted back into small-town obscurity.

Wyn Craig Wade, a clinical psychologist, has done a thoroughly professional job of assembling the facts of a great news story that lives vividly two-thirds of a century later and has woven them masterfully into a comprehensible pattern. The moral is: never despair of boring, bureaucratic investigations—they can beam a searchlight to illuminate the path of progress.

Reputations were made and ruined by the Titanic disaster. Ismay was finished. Marconi, father of radio telegraphy, emerged with discredit. Captain Stanley Smith of the Leyland Line's Californian never cleared his name of failing to give help. Captain Arthur Rostron of Cunard's Carpathia went to the rescue, was awarded the Congressional Medal of Honour, and went on to command the Mauretania and the Berengaria, and served as Cunard's fleet commodore.

LANGUAGE COURSES

Companies ignore linguistic skills

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

FEW NATIONS can ever have been so dumb about their export interests as is the United Kingdom at present. Despite official warnings that many major overseas buyers give preference to a supplier who approaches them in their own language, British businesses generally disdain the advantages of helping their export staff to improve, or even acquire foreign-language skills.

Meanwhile, the teaching of English to foreigners, for long an important source of overseas earnings to the UK, seems in danger of being largely handed as a free gift to teaching organisations owned abroad.

"IN ALMOST all markets it is a damaging, and often a fatal, handicap if representatives, whether principals or subordinates, cannot converse freely with the customer in his own language as well as read his newspapers and trade journals; and perhaps an equal handicap if correspondence from headquarters is not conducted in that language."

"Our export trade, however, is often so handicapped, and today it cannot afford to accept even small handicaps which can be avoided. This one is far from being small and can, we are convinced, be avoided."

So concluded an official inquiry which reported to the British Government half a century ago. Since then Britain's dependency on competitiveness in the world's markets has greatly increased.

If the "avoidable handicap" of the UK's predominant disdain for learning foreign languages was unacceptable in 1930, it can far less be afforded today.

Even so, successive inquiries have continued to reach the same conclusion. For example, the latest report—published by the British Overseas Trade Board eight months ago—declared: "A more positive attitude towards foreign language skills seems essential if the UK is to compete more effectively in export markets, the more so since macro-economic developments seem likely to keep sterling relatively strong. This will add importance to every non-price factor in marketing."

Since these reports were written in English and widely publicised, their message has been readily available to the heads of businesses aware of the need to increase their overseas trade. But the message evidently has been little heeded.

The accompanying table shows the results through the 1970s of the foreign-language examinations run by the London Chamber of Commerce and Industry. Although these results are far short of perfect as a measure of British business interest in studying other tongues, the exactness of a fair indicator because they can be arranged "on site" as well as at regional centres throughout the country and are directed specifically to the commercial or industrial use of the language concerned.

The total entry for 1979, the

LONDON CHAMBER OF COMMERCE FOREIGN-LANGUAGE

EXAMINATIONS

	Elementary-level examinations		Intermediate-level examinations		Advanced-level examinations		All levels	
	Number entered	% passed	Number entered	% passed	Number entered	% passed	Number entered	% passed
1970	915	78	544	74	214	75	1,673	77
1971	865	80	464	73	128	73	1,457	77
1972	1,098	83	556	62	166	71	1,820	77
1973	1,383	83	508	67	136	68	2,027	77
1974	1,394	85	464	74	143	74	2,001	82
1975	1,145	86	439	75	157	86	1,741	84
1976	1,169	85	512	86	166	87	1,787	85
1977	1,207	85	550	87	266	87	2,023	86
1978	1,137	85	593	83	266	85	1,996	85
1979	1,107	84	468	80	163	86	1,738	83

lowest since the UK formally entered the Common Market, surely implies a general superciliousness towards any evidence available of the potential benefits to British businesses of improving their "stock" of linguistic skills.

How sparse this stock is, emerges from the results published four months ago of a study made by the P.E. Consulting Group for the Royal Society of Arts. The research, which complements the British Overseas Trade Board's inquiry mentioned earlier, covered 200 exporting companies of various sizes, of which 119 had won the Queen's Award for Exporting Achievement.

The study showed that the 200 concerns employed nearly 6,750 people in their overseas trading. About half of these went abroad and had to communicate with foreign customers' staff.

Of the senior managers among the 6,750, about 90 per cent visited their overseas contacts, yet only 28 per cent of the total employed in exporting had any significant foreign-language skill. The percentage increased with managerial rank, through 43 per cent for export salesmen and 57 per cent for export sales managers, to 67 per cent for export directors.

But when account was taken of all the factors covered by the research, the report has no hesitation in declaring: "Queen's Award winners place much greater emphasis on 'good foreign languages' as a factor in successful exporting than do non-Award firms."

This is not to deny, of course, that in trading overseas the UK concerns in general can rely to a far greater extent than can most of the foreign competition, on the use of their own native tongue. English is firmly established as the "business language" of the world, and has fast been overtaking French as the diplomatic language.

In reply to this, however, the earlier British Overseas Trade Board report pointed out that "firms may be at a disadvantage if, when selecting agents abroad, they are restricted in their choice to those who can speak English. It has also been suggested that companies may lose out if, by virtue of a lack of linguistic capability, they have no source of market information other than their overseas agents."

Moreover, as seems to have been pointed out by all the relevant reports in the past, even though proficiency in the customer's own tongue may not be commercially essential, it "will not only save time and expense. It will also make it easier for the exporter to build up an effective rapport with his customer. In many competitive industries this is likely to make the difference between a contract won and a contract lost."

Why, therefore, the self-hampering linguistic laziness of the UK business sector?

The main reason is not hard to identify. The British, and their education system, have largely never bothered to value foreign languages as a commercial tool.

rather than as a cultural facility. The results of this languid outlook are also apparent from the P.E. Group's findings:

"Nearly two thirds of the (200) firms seen do not favour language graduates as recruits for export sales departments. Most export managers are of the opinion that graduate linguists' training is too theoretical and is literature-based with no commercial content. The majority would rather employ technically or commercially competent people and train them in languages where necessary."

But if the main blame can at present be placed on the education system, I doubt that it could rightly be so placed for much longer. Stimulated by the recent reports on the UK's deficiency in language skills, and by further proceedings by successive Governments, British schools are coming forward in growing numbers with anxious inquiries as to what they can do to supply exporters' linguistic needs.

Colleges, polytechnics, and even universities are apparently willing to develop commercially-directed language courses, as distinct from the traditional literature-based variety.

Past experience has shown too well that such initiatives from the nation's educators are apt to wither and die if they are not greeted with effective encouragement by the working world. The remedy to the UK's linguistic debility now lies in the hands of industry and commerce.

VAT threatens private schools

FOR EVERY Briton studying a foreign language there are at least 100 foreigners learning the English language. Most are studying it in their native land. But since the 1939-45 World War there has developed a large overseas demand for courses in English not only as she is spoke, but also where she is spoken.

How many of the travelling students of English come to the UK can only be guessed at, although with fair confidence, at more than 200,000 a year. They are catered for by about 700 different courses. The bulk of these are provided outside the State education system by

perhaps 250 private-sector organisations.

In tuition fees alone—not counting the students' usual spending or the £25 to £40 a week they pay for accommodation—the private sector of teaching English as a foreign language in the UK must have a total annual turnover of more than £80m.

Although typically lacking professional management as such, the best of the organisations developed impressive techniques for teaching English to foreigners and had no difficulty in attracting paying customers.

Demand has developed, and now about two-thirds of the customers come during the holiday months of July-September. They generally stay for periods of three to five weeks, combining tuition in English with leisure or cultural activity; the majority are youngsters, financed mainly by their families.

The other third are more serious students. Some are young, and aiming to pass examinations in English or to qualify for UK State higher and further education. The remainder are managers, specialists, technicians or trainees, studying the language as part of their work.

The serious students usually stay for longer than their seasonal counterparts and, since their more concentrated study consumes a greater teaching effort, they pay a higher fee. They are the main basis of an all-year-round demand for foreign language English courses which is supplied by 150 to 200 schools which stay open continuously, except for a short break around Christmas.

Some of these schools specialise. One, for instance, concentrates entirely on the English of Christianity. Others cater for a particular occupational field, such as the staff of airlines and services. For businessmen, the specialist range extends to personal tuition at prices up to £700 a week.

Given the seemingly self-expanding demand, most suppliers could enjoy a satisfactory income while remaining small. The average turnover among the all-year concerns can be little more than £250,000, even now.

Most repeat custom came until recently by way of word-of-mouth recommendation from former students.

Course lists were distributed by the two trade associations—the Association of Recognised English Language Schools and the Federation of English Language Course Organisations. Other customers were "fed

TEACHING OF ENGLISH AS A FOREIGN LANGUAGE IN THE UK

The "Top 10" private-sector suppliers

	Where owned	Approx. % of total fee income
EF group	Switzerland	15.0
Anglo-Continental	Switzerland	4.4
International House and affiliates*	UK	4.3
Davies-Eurocentres*	Switzerland	3.6
Bell group	UK	2.5
Anglo-World Education	Switzerland	2.4
Regent group	UK	1.6
Pitman's schools	UK	1.4
LTC (Linguaphone)	United States	1.3
Berlitz group	United States	1.1

* Charitable trust.

back" by the overseas network of the British Council, which itself runs courses in English as a foreign language for 42,000 students a year in 25 countries abroad.

Most schools also arranged for overseas tour operators and travel agents to make their courses known to potential students, in return for a commission generally of 10 to 15 per cent. But any aggressive marketing was extremely rare.

Today, however, it is clear that English language teaching's comfortable days are over. The strength of sterling increasingly is letting into the market competing operations based in the United States. In addition a newer kind of operation, selling English language course holidays particularly as a bulk business and marketing them both directly and widely, has emerged hugely at the top of the market.

The pioneer here is the EF group, owned in Switzerland and collecting its fees largely overseas. But other operators, notably the Tjaereborg holiday group, have now extended the bulk-selling activity.

As a result the summer market, on which most "mainly general" schools crucially depend, has been thrown into over-supply. It has also become extremely sensitive to price. And the irony is that in these circumstances the British Government is allowing operations such as the EF group and Tjaereborg a most important advantage.

By collecting the bulk of their fees abroad, and by bringing in not only foreign students but also foreign teachers, these organisations can largely avoid paying the 15 per cent Value Added Tax. This is levied on the commercial English language

teaching organisations which trade from the UK, even though virtually every other Government which imposes VAT, zero-rates educational services.

So the bulk of the smaller, general schools would be unable to compete with the EF group on price, even if they had the stored resources to withstand the price-cutting war over the summer market which seems now to have started.

If the Government persists in its present VAT policy, it therefore seems most likely that this English teaching activity in the UK will undergo a swift, severe change. Overseas-owned organisations increasingly will drive British schools out of the general market.

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NEW YORK

A MIXED trend prevailed on Wall Street yesterday, after retreating from opening levels. \$1½ to \$7½ and Amex \$1½ to \$58½ — Amex approved a plan to acquire Rosario for stock. overnight Wall Street gain, but Oil, non-Ferrous Metals and Sugars eased on profit-taking. start on its \$A110m profit, higher dividend and capital reconstruction, but eased later to close un-

overnight Wall Street gain, but Oil, non-Ferrous Metals and Sugars eased on profit-taking. start on its \$A110m profit, higher dividend and capital reconstruction, but eased later to close un-

Germany
Mostly higher, although some profit-taking during the last trading hour cut into earlier gains.

Trading as moderate. Foreign buying had pushed prices during the opening hour before profit-taking set in, especially by the Professional Trade and Institutional investors.

Among firm Machinery Makers, GRM advanced Dm 3 and KHD Dm 2.90. Steels closed narrowly mixed. Chemicals were higher. Minings and Oils also gained.

Except for BMW, up Dm 3.50, other Motors gave ground. Electricals were mostly up. Siemens advanced Dm 2.5, still profiting from the projection of a good

business year the major West German Electrical Group made earlier this week.

Gains also predominated among major Utilities, while Stores were narrowly mixed.

On the Domestic Bond Market Public Authority issues showed losses up to Dm 0.70, while the Regulating Authorities bought a nominal Dm 14.1m worth of stock.

Australia
Coal Mines set the pace in lively markets, with Coal and Allied Industries rising another

\$41.15 to 11.20, for a gain of 2.60 on the week. Its parent, Howard Smith put on 80 cents to 9.30—it has Coal operations on its own account, a big interest in Sugar and Shipping and Port-

A combination of Sugar, Coal and Shale Oil had buyers seeking CSR, which rose 20 cents to \$A6.46.

Elsewhere Banks, Finance, Building Materials and Engineerings improved. Golds were mixed in the waks

of uncertain conditions in World Bullion Markets.

Bougainville made a strong 1979 results, while anticipation of attractive capital increases were in the background.

AUSTRALIA	Price + or -	JAPAN (continued)	Price + or -
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Price Fis.	+ or -	Feb. 8	Aust. \$	Feb. 9	Yan
		ANZ Group	4.85	+0.05	1,140
76	-3	Acrow Aust	1.00	-0.03	888
80.8	-0.2	Alitaste Expt	2.25	+0.46	644
25.8	+0.1	Ampoi Pet.	1.36		760
899	+4	Asst Pulp Pap.	2.45		727
			2.39		
		Maidta			
		Marobani			-1
		Marudai			+2
		Marul			-2
		Matsumita			-1

99.1	-1.7	Auricom	0.38		Mt's Elec Work	555	
63.5	+1.1	Aust Cons Ind	2.12	+0.01	Mt'shank Bank	416	
922.5	+0.5	Aust Guarant	1.50	-0.02	Mt'shank Corp	713	-7
102.0	+0.7	Aust Nat Inds	2.48		Mt'shank Elec	303	+1
63.2	-1	Aust Paper	1.78	-0.07	Mt'shank RI Est	426	-9
26.5	+0.1	Bamboo Creek	0.39	+0.08	MHI	191	+3
226		Bank NSW	5.30	+0.05	Mitsui Co	381	-8
158.5		Blue Metal	1.60	+0.02		582	

34.5	+0.2	Bond Hldgs.	2.12		Mitsui Ind.	436	-2
72.8		Borzi	2.52	+0.02	Mitsukoshi	465	-1
34.5	+0.2	Brillie Copper	4.28		NGK Insulators	1,200	-20
70.4	-0.0	Brambles Inds.	2.30		Nippon Densu	722	
23.1	+0.2	BWP	13.45	+0.15	Nippon Gakki	484	-1
22.2	+0.2	Brunswick Oil	0.24	-0.01	Nippon Meat	1,230	+10
26.8	+0.1	CSR	6.36	+0.39	Nippon Oil	611	-1
76.0	0.0				Nippon Shiman.		

13.5	+0	Carlton & Ltd	1.98	-0.32	Nippon Steel	134	+4
17.1		Cockburn Camt.	1.35		Nippon Suisen	224	+6
117.0	-0.4	Ooles (G.L.)	2.13		NTV	5,290	
56.3		Comated	5.14	+0.14	Nissan Motor	720	-3
335	+2	Cons Gold	8.20	+0.20	Nishin Flour	579	
82.7	-0.5	Containers	2.75		Nishin Steel	171	+2
122	-0.5	Conzinc Riotin	6.60	+0.40	Nomura	440	+5
14.4	+1.4	Dental	8.90	+0.40			

221.5	+1.6	Oustad	8.20	+0.10	NYK	325	+2
		Crusader Oil	2.75		Olympus	770	
56	-1	Dunlop	0.88	+0.01	Orient	901	+1
20.4	-0.1	Elder Smith GM	3.40	+0.05	Pioneer	2,040	+40
33.6	+0.4	Endeavour Res.	0.46	+0.05	Renown	565	-3
177	+1.0	Esor	0.84		Rioch	522	
107.8		Can Prop Trust	1.65	-0.01	Sanyo Elec	408	-3
156	+1.6	Namural	4.30	+0.05		320	

107		Hartogen Energy	3.50	+0.15	Saskia	225	
165	+5.4	Hooker	1.17		Seakul Prefab	725	
227.2	+0.2	ICI Aust	2.68	+0.03	Sharp	210	-10
152.6	+0.5	Jennings	1.00		Shields	964	+6
116.3	-0.3	Jimberlane Min.	2.50	-0.10	Sony	1,760	+10
84	+3	Jones (O)	1.55		Stanley	440	-5
36.5	-0.4	Kia Ora Gold	0.42	-0.01	S'tomo Marine	281	
					Talhal Dancow	706	-6

87.3	-0.3	Lennard Oil.....	1.40	-0.03	Taipei Corp.....	211	+8
84.3	-0.2	MIM.....	6.04	-0.08	Taiako Pharm.....	575	+10
820.2	-0.5	Meekatharra Ms.....	3.00	+0.50	Takeda.....	518	+5
		Metramar Min.....	0.34	+0.03	YDK.....	1,660	-10
		Monarch Pet.....	0.65		Taijin.....	148	
		Myer Emp.....	1.63	+0.02	Teikoku Oil.....	945	-15
		Nat Bank.....	5.35		TAS.....	560	-10

Price	+ or -		
Use			
		New...	2.10
		Nichols Int...	1.65
		North Bkn Mill	3.45
		Oakbridge	4.38
		Other Expl...	2.40
		Pancon	2.50
9.50	+0.25	Pan Pacific	0.19
49.50	+300	Pioneer Conc.	0.98
12.25	-80		0.12
		Tokio Marine	530
		Tokyo Elect.Pwr.	605
		Tokyo Gas	120
		Tokyo Sanyo	630
		Toshiba	197
		Tekyo Corp.	241
		TOTO	420

798	+18.5	Queen Marg't G.	0.50	+0.02	Toyco Belkan	438	-2
1,821	-1	Rackitt & Co'n	3.03		Teyota Motor	827	+12
81	+1.5	Santos	8.70	+0.20	Victor	1,150	-80
92,010	+110	21eigh (H.C.)	1.36		Wacoal	749	+1
842	+5.5	Southland Ming	0.32	+0.02	Yamaha Motor	891	-10
127.76	+4.75	Spargos Expt	0.70	+0.10	Yamazaki	820	+12
1,680	+93	Thos Natwde	0.19	+0.32	Yasuda Fire	805	
2,142	+10					890	

740	+2	Tooleys	3.10	+0.92	YONGAWA RICE	820	
649	+6.0	Tooth	2.76	-0.06			
430	-5	Utah Mining	4.85	+0.96			
		Vallant Condit	0.93	+0.83	SINGAPORE		
		Waltons	0.66				
		Western Mining	5.04	+0.21			
		Woolworths	1.47	+0.92			
		Wormald Intl	5.15				
					Feb. 8	Price	+ or

HONG KONG			
Price	+ or -		
Kroner		Feb. 8	Price H.K. \$
110			
82.5	+2.5	Cheung Kong	22.0
195		Coastal Prop.	0.25
			-0.2
		Boustead Bhd	4.48
		Gold Storage	5.85
		DBS	5.45
		Fraser & Neave	5.25
		New Par	9.07
		Inchcape Bhd	2.37
		Malay Banking	8.45

07.5	+2.8	Gross Harbour	10.30	+0.10	Malay Brew	5.40	
480		Eastn Asia Nav.	8.16		OCBC	8.20	+0.10
710	-5	Nang Sen Bank	1.35	-0.10	Pan Elect	1.78	
126	+2	NK Electric	6.30	-0.05	Time Darby	4.16	+0.05
		NK Kowloon Wh.	65.00		Straits Trdg.	9.05	
		NK Land	14.50	-0.10	UOB	4.28	+0.14
		NK Shanghai Bk.	21.60	-0.20			

Price	+ or -			
Kroner				
170	-7	Swire Pac A	0.70	+0.15
131	-3	Wheel & Mard A	4.77	+0.08

75	-8	Wheat K. Mar. 10	4.87	-0.55	Anglo Am. Cp.	14.10	+0.18
75.5					Barlow Rand.	9.55	+0.18
164	-1	JAPAN			Buffets	38.75	-0.38
134	+1				CNA Invest.	4.00	
104	+1	Feb. 8	Price	+ er	Currie Finance	1.66	-0.05
106			Yen		De Beers	10.95	
147					East Drie	26.78	+0.15
		Ajinomoto	555	-8	FS Geduld	67	+0.50

118	+9	Amada	630	+3	Gold Fields SA	78.00	
85.6		Asahi Glass	369	-1	Nighwell Steel	4.20	+0.83
132		Bridgestone	540	-7	Hulstatts	7.00	-0.28
79	-1	Canon	658	+8	Kloof	31.25	-0.75
245	+2	Citizen	352	-9	Nedbank	5.76	+5.05
248	-2	Daiichi	945	-9	OK Bazaars	14.60	+0.18
125	+3	OKBO	377		Protea Nidge	3.20	+0.05
75	+0.5	Del Niboon Pte.	559		Purnbarr	6.80	

82	-2	Dalwa House	340	+2	Rennies	3.10	-5.97
63	+0.5	Dalwa Sdko	293		Rust Pl St	6.12	
92	-1.6	Ebars	354	+6	Sage Hldgs	2.70	+0.05
86	-2.5	Ezai	1,060		SA Brews	5.15	+0.85
75.6		Fuji Bank	412	+5	SAPPI	5.90	+0.10
		Fuji Film	625	+8	Smith CG Sugar	12.00	
		Fukusawa	884	+9	Sorec	1.80	+0.18
		Fukuda Electric	5,130	\$0			

		Green Cross.....	1,733	+30	Tiger Cats.....	14.25	-0.25
		Hasegawa.....	637	+10	Unisac.....	2.20	-0.10
		Nelive RI Ent.....	939	+5			
		Nelive RI Ent.....	637	-8			
		Hitachi.....	262	+1			
		Hitachi Koid.....	629	-1			
		Honda.....	618	+1			
		Neusa Food.....	790	-1			
Price	+						
Frs.	-						
1.545	+20						

Financial Rand US\$1.06
(Discount of 131%)

1,880	+30	Hoya	815	-5	BRAZIL <table border="1"> <tr> <th>Feb. 7</th> <th>Price</th> <th>+ or -</th> </tr> <tr> <td>Acasita</td> <td>1.50</td> <td>-0.05</td> </tr> </table>	Feb. 7	Price	+ or -	Acasita	1.50	-0.05
Feb. 7	Price	+ or -									
Acasita	1.50	-0.05									
1,270	+15	Ito Nam	580								
820	+5	Ito-Yokado	1,420								
2,396		JACCS	461								
2,275	+10	JAL	2,970								
850		Jusoo	868								
12,750	-250	Kajima	282	-5							

0.278	-25	Kao Soap	420	+5	Sanco Brasil	6.78	
5.060		Kashiyama	683	+4	Sanco Ital	1.68	+0.03
1.420	+50	Kikkoman	672	+1	Seigo Min	2.60	
1.490	+25	Kirin	416	-5	Lojas Amer	1.40	
3.670	+35	Kokuyo	1,150	+80	Petrobras PP	2.26	-0.01
2.870	+60	Komatsu	346	+0	Pirelli	1.56	-0.06
678	+3	Kumateu Pilt	700	+44	Souza Cruz	3.07	+0.03
					Unia PE	6.10	

4,190.	+16	Komabiriku	441	-5	Vale Rio Doce	3,90	+0.10
528	+6	Kubota	351				
060		Kumagai	375	-6	T. over Cr. 203 Sm.	Vai. 455 Sm.	
800		Kyoto Ceramic	3,880	+20	Source: Rio de Janeiro SE.		
425	+6	Lion	325				
0,050	+100	Maeda Cons.	500				
1,825							

NOTES:—Prices on this page are as quoted on the

Spanish prices, Page 16.

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Indices

CANADA				BELGIUM (continued)				HOLLAND				AUSTRALIA				JAPAN (continued)			
Stock	Feb. 8	Feb. 9	Price	Feb 8	Price	+ or -		Feb. 8	Price	+ or -		Feb. 8	Price	+ or -		Feb. 8	Price	+ or -	
Abitibi	23	22 1/2		Petrofina	6,110	+150		ACH Holding	76	-3		ANZ Group	4.85	+0.05		Mitsui	1,140		
Agripac Bag	23	22 1/2		Royale Belge	6,705	+10		Aldor	80.8	-0.2		Alcoa Alut	1.00	-0.03		Mitsui	1,140		
Alcan Alum	58 1/4	58 1/4		Royale Belge	6,705	+10		Alco	25.8	+0.1		Alcoa Exp	2.25	+0.46		Mitsui	1,140		
Alcan Steel	27 1/2	27 1/2		Royale Belge	6,705	+10		Alco	25.8	+0.1		Alcoa Exp	2.25	+0.46		Mitsui	1,140		
Alcan Steel	27 1/2	27 1/2		Royale Belge	6,705	+10		Alco	25.8	+0.1		Alcoa Exp	2.25	+0.46		Mitsui	1,140		
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K ACTIVE STOCKS

Change			Change		
Thursday	Stocks	Cleaning trading price	Thursday	Stocks	Cleaning trading price
Gulf Oil	1,621,800	43 ³ / ₄ + 1/4	U.S. Industries	651,700	20 + 1/4
Occidental Pet.	1,016,500	30 ³ / ₄ + 1/4	Gulf & Western	636,400	20 + 1/4
Teneco	980,100	38 ³ / ₄ + 1/4	Mobil	563,800	62 ³ / ₄ + 1/4
Texaco	750,600	34 ³ / ₄ + 1/4	Williams Co.	532,100	38 ³ / ₄ + 1/4
Big Oil	730,100	34 ³ / ₄ + 1/4			

See values of all indices are 100 except NYSE All Common—50; Standard and Poors—400 and Toronto—1,000; the last named based on 1976. 1 Excluding bonds. 2 400 Industrials. 3 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

Companies and Markets

Nuclear deal signed by Fiat and state group

By Paul Betts in Rome

FIAT, the Turin-based private conglomerate, and Finmeccanica, the state-controlled mechanical and energy group, have signed a major industrial agreement in the nuclear and aviation sectors, it was officially announced in Rome yesterday.

The agreement, as explained in the Financial Times yesterday, sees Finmeccanica take control of the Italian nuclear industry by acquiring the majority stake in the two Italian companies, Siget and Sopron, which own the U.S. Westinghouse pressurised water reactor (PWR) technology and knowhow in Italy. The two companies were originally jointly controlled by Finmeccanica and Fiat.

At the same time, Fiat is to take control of a new consortium to rationalise Finmeccanica and Fiat manufacturing activities in the military aviation engines sector.

The agreement is largely designed to rationalise the Italian nuclear industry in view of the country's imminent nuclear programme envisaging the construction of up to five two-reactor nuclear plants with an overall capacity of 10,000 MW.

Ceramati in U.S. deal

Societe Ceramati has approved in principle the acquisition of about 50 per cent of the capital of Monarch Tile of the U.S., makers of ceramic tiles. As part of the deal, Ceramati will be able to increase its stake to 65 per cent, writes AP-DJ from Paris.

Final agreements are expected to be signed before the April.

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BANKING IN FRANCE

Societe Generale plans rights issue

BY TERRY DODSWORTH IN PARIS

THE FRENCH Government has taken a significant step towards a limited denationalisation of the state sector by turning down its rights to subscribe to a share increase at one of the big three State-owned banks.

An announcement by the bank, Societe Generale, has made it clear in its next capital increase, expected in April, that it will be seeking new private shareholders because the State has decided "not to exercise the totality of its rights."

The Government's decision comes at a time of widespread speculation about the possibility of a more far-reaching denationalisation. Ministers are

believed to have been examining the feasibility of bringing private shareholders into companies like the AGF insurance group, the EDF electricity utility, CDF-Chimie, one of the country's largest chemicals groups, and Renault motor company.

In the case of the banks, the introduction of new private capital has been made virtually unavoidable by the Economic Ministry's determination to increase the ratio of their capital and reserves in proportion to lending.

French banks are undercapitalised in comparison with their leading international competitors, and the authorities are

keen to eradicate this weakness in order to boost their overseas expansion.

The Government has been faced with the problem, however, of finding the funds to finance the necessary capital increases. Since public finances are overstrained, it has decided to let the State banks seek private capital, which they can do without a change in the law up to a ceiling of 25 per cent of their equity.

It is clear that other banks are going to follow Societe Generale's example, although some may seek different forms of funding such as non-voting preference shares.

Burmeister board under siege

BY HILARY BARNES IN COPENHAGEN

FORMER chairman and controlling shareholder in the Danish Burmeister and Wain shipbuilding and industrial group, Mr. Jan Bonde Nielsen, plans to use his position to call a general meeting of shareholders to dismiss the present directors.

Mr. Bonde Nielsen resigned from the board and the chairmanship last October, and has not since taken part in the running of the company.

This is Mr. Bonde Nielsen's reply to a demand from the board that he sell his shares in the company and discontinue himself from the group. He announced that he himself will take over as managing director and Mr. Ole Pottoppidan, a lawyer, will become chairman.

The shareholders meeting is expected to take place within 14 days. Mr. Bonde Nielsen's controlling interest is held by a small company called Gredana, in which Mr. Bonde Nielsen also has a majority holding.

Mr. Bonde Nielsen was asked to sell his shares last week when board chairman Erik Nielsen and managing director Jan Lemborg issued a statement saying that they had asked police to investigate transactions at B & W at the time of Mr. Bonde Nielsen's stewardship.

At a press conference yesterday Mr. Bonde Nielsen said his return to the leadership of the company will not affect B & W's liquidity which "was assured" through the agreement with the West German MAN group

B & W's marine diesel engine manufacturing interests were recently hived off into a separate joint company. The deal gave B & W a cash injection of about Dkr 265m (\$45.8m).

Mr. Bonde Nielsen took over the B & W shipyard in 1974 and later acquired control of the group's other operations but his affairs are under investigation by police in connection with a company called DCK International, which went into liquidation in 1978 with substantial debts.

It was the constant press comment on his affairs and the poor image which this gave the B & W group which caused Mr. Bonde Nielsen to resign from the chairmanship last October.

Setback at Philip Morris (Australia)

By James Forth in Sydney

PHILIP MORRIS (Australia) suffered a 17.5 per cent drop in earnings for the December half, and expects highly competitive conditions in the wine and tobacco industries to keep pressure on profit margins.

Earnings for the six months fell from A\$8.0m to A\$7.65m (US\$8.3m), despite a 10.6 per cent increase in sales from A\$185m to A\$215m (US\$235m).

The interim dividend has been held at 25 cents and is 1.3 times covered by the earnings of a share of 32.5 cents, compared with 20.8 cents in the same period last year. The directors said that competition for market shares continued to be the major factor affecting the tobacco and wine industries, and that the group's lower profit also reflected a heavy increase in marketing expenses.

This had resulted in the company lifting its share of an expanding cigarette market in the latter half of 1979, but at the expense of profit. The abolition of the trading stock valuation and the lower rate of investment allowance reduced profit for the half by an estimated A\$807,000.

Wine industry sales volume, stimulated by intense price competition, again registered strong growth, primarily in the dry white table wine segment. Although demand for all kinds of wine was buoyant, in New Zealand the cigarette market turned down after a 15 per cent sales tax was levied

First-half decline at Seatrain Lines

By David Lascelles in New York

A FURTHER profit decline was reported yesterday by Seatrain Lines, the troubled U.S. shipping group.

In its second quarter ended December 31, the company's net income from continuing operations dropped to \$3.04m on 21 cents per share, from \$5.55m or 36 cents in the same period of 1978.

This brought Seatrain Lines' six-month earnings to \$5.45m or 37 cents per share compared with \$7.52m or 50 cents in 1978. Six-month revenues were up more than 100 per cent to \$341m.

Seatrain Lines blamed much of the fall in profit on the high debt servicing costs which have dogged its operations for a number of years.

Half-year lift for Clayton

By Our Financial Staff

ANDERSON CLAYTON, the food, coffee and insurance group, pushed earnings ahead by 24 per cent to \$24.6m in the first half of 1979-80. Share earnings of \$1.63 compare with \$1.41 a year ago, and sales of \$853.1m show a gain of 23 per cent. For the full year, sales of over \$1bn have been predicted, and profits exceeding the \$3.54 per share of the previous year.

The second quarter displayed increased growth, with earnings 33 per cent up at \$16.3m, and sales 27 per cent. Sales added 24 per cent to \$497.2m.

Anderson is mainly a producer of foods in the U.S., Mexico and Brazil.

Fruehauf increase

Fruehauf, the trailers and containers group, forecasts 1979 earnings in the area of \$7.25 a share on sales of about \$2.4bn. Reuter reports from Detroit. The company earned \$6.30 a share on sales of \$2.2bn in 1978. Fourth quarter earnings in 1979 were slightly above the level of a year earlier with the group's diversified businesses offsetting reduced automotive operations.

Three Mile Island costs hit General Public Utilities

BY OUR FINANCIAL STAFF

GENERAL Public Utilities, the U.S. energy holding company which owns the Three Mile Island nuclear power plant, has suffered a setback to net profit for 1979.

The company said yesterday that its lower earnings were due primarily to the fact that it was unable to recover the capital and operating maintenance costs of the Three Mile Island Number 2 facility.

The Three Mile Island Number Two unit has been closed since last spring following the worst nuclear accident ever in the U.S. Several thousand people had to evacuate the area surrounding the plant after the reactor core partially melted on March 28 last year and released sizeable amounts of radiation into the atmosphere.

General Public Utilities' net income for 1979 declined from \$138.77m or \$2.30 per share to \$95.78m or \$1.56. Sales for the year advanced from \$1.33bn to \$1.49bn.

The reduction in net income and earnings per share came in spite of a 2 per cent increase in kilowatt hour sales to 32bn kilowatt hours and a 12 per cent increase in revenues. The costs of the Three Mile Island No. 2 unit were removed from the rates of GPU operating companies by the New Jersey and Pennsylvania regulatory agencies in 1979.

In a separate announcement, GPU said that it had borrowed \$201m under a \$400m revolving credit agreement set up to cover the cost of buying power to replace that lost due to the Three Mile Island accident. The company said that replacement power costs have been running at between \$34m and \$36m per month lately.

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1. The free trading of commodity futures.

2. The commodity futures market for the small investor.

COMMODITIES/REVIEW OF THE WEEK

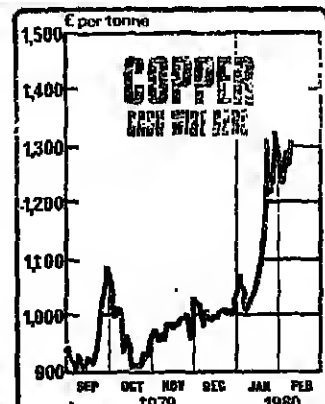
Record day for sugar market

BY OUR COMMODITIES STAFF

THE LONDON sugar market had its busiest day ever yesterday with turnover totalling over 1m tonnes and prices staging their biggest upsurge since the 1974-75 boom.

The excitement was prompted by a report that the Cuban crop will be down 1m tonnes this year because of disease and other problems, though some dealers had their doubts about its accuracy. This pushed the May futures position up to 2365 a tonne at one stage before it eased back to close at 259.75 a tonne, up 226.25 on the day and 223.85 on the week.

Buyers seemed undeterred by the knowledge that the 830,000 tonnes International Sugar Agreement stockpile release expected on Wednesday might be the latest rise. In fact the rise has taken the price to a level at which release of the whole 8m tonnes stockpile would be triggered by the end of the month if it is maintained. Earlier in the week the long rise in world sugar values appeared to be faltering as relatively modest prices paid at physical sugar tenders caused speculators to think twice about



the levels ruling on the futures market. At one stage the May futures quotation slipped below 2230 a tonne.

Rubber prices also moved higher encouraged by reports that there would be a substantial shortfall in production against consumption this year. On Monday a Malaysian minister said the deficit was projected at 340,000 tonnes but it was later admitted that this was based on out of date figures and that the latest forecast was for a 240,000 tonnes shortfall.

In London yesterday Dr. Leong Khee Seong, the Malaysian Primary Industries Minister confirmed that a large shortfall was anticipated and that prices were likely to follow an upward trend. But in Washington the U.S. Rubber Manufacturers Association begged to differ. It said there would be a surplus of natural rubber amounting to 75,000 tonnes this year. "There is no basis for recent forecasts from the Far East of a shortfall in natural rubber supply," the Association declared.

On the London physical market the RSS No. 1 spot rubber price ended the week at a new peak of 83.5p a kilo after a 4p rise. A similar rise was recorded on the London rubber futures market.

Coffee prices came under further pressure this week, possibly due to a report by Commodity Services forecasting a 20 per cent price fall this year. Cocoa prices ended little changed after trading in a narrow range all week.

Base metals markets had an erratic week. Copper fell sharply on Monday but the fall was wiped out by successive advances over the next two days. It fell again on Thursday but after a \$3.5 rise yesterday ended the week \$14 up on balance.

Lead and zinc prices tended to move in sympathy with copper though the former was further encouraged by talk of East European buying. Cash lead ended the week \$20.5 up at \$215.5 following a \$19.5 rise yesterday, the following a \$20.5 rise to \$236.0, and a \$20.5 rise to \$256.5.

Meanwhile tin moved in a fairly narrow range, following movements in Penang. By last night's close cash tin had risen a modest \$85 to \$7,380 a tonne.

MARKET REPORTS BASE METALS

COPPER—Firm as trade buying started an advance in prices and brought in substantial speculative interest. In a thin pre-market the forward price went from \$1.272 to \$1.284, the back up to \$1.272, after which the market opened. Following the market opening the price touched \$1.272 and there was good volume around \$1.280. But there was selling pressure towards the end of the day and the price closed on the Kib at \$1.301. Turnover: 22,500 tonnes.

Wirebars: 1280.5 +0.5 1308.9 +0.5 5 months 1280.5 +0.5 1308.9 +0.5 3 months 1280.5 +0.5 1308.9 +0.5 1 month 1280.5 +0.5 1308.9 +0.5

Amalgamated Metal Trading reported that the morning cash vendors traded at \$1.282, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 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